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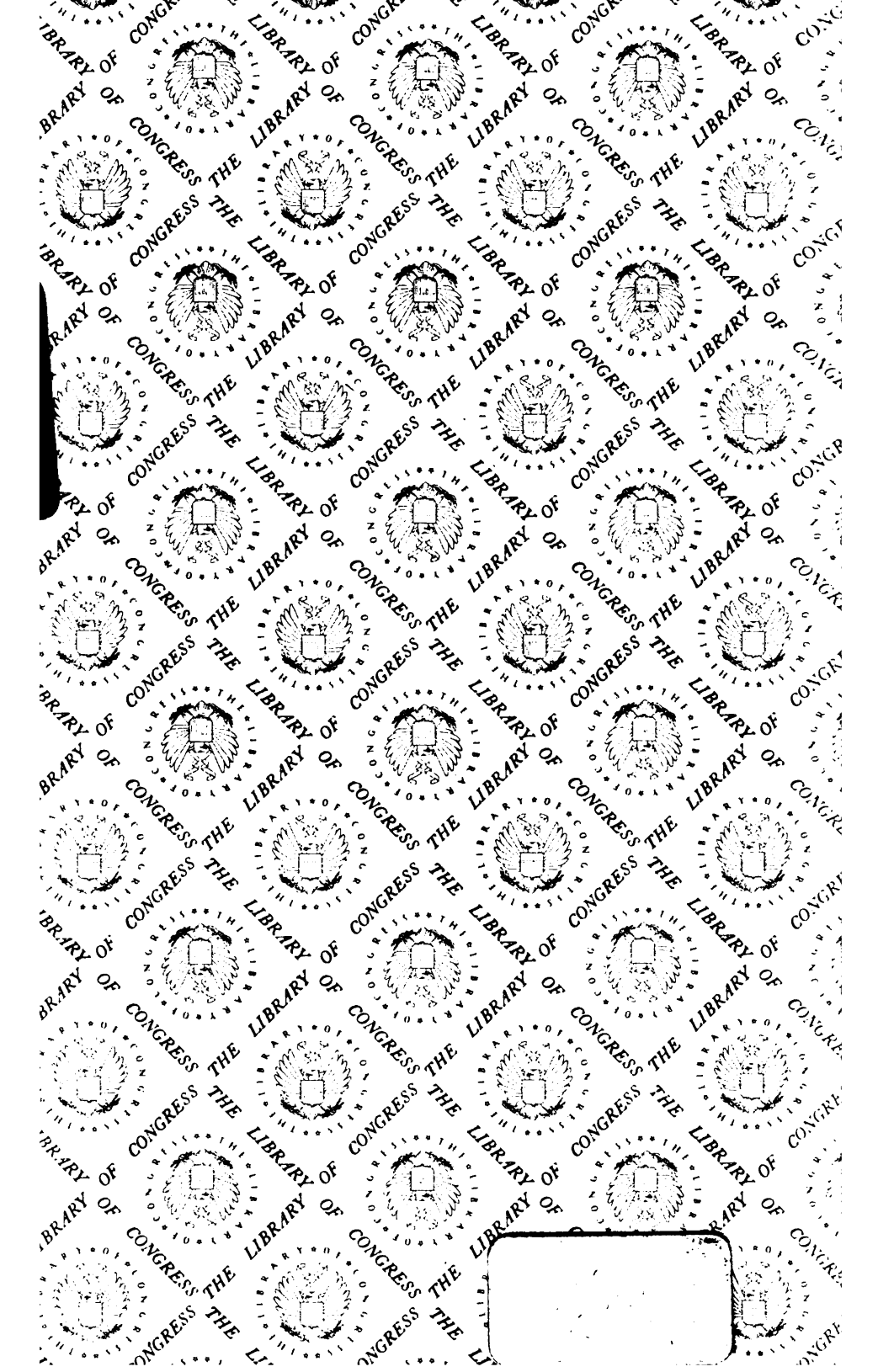
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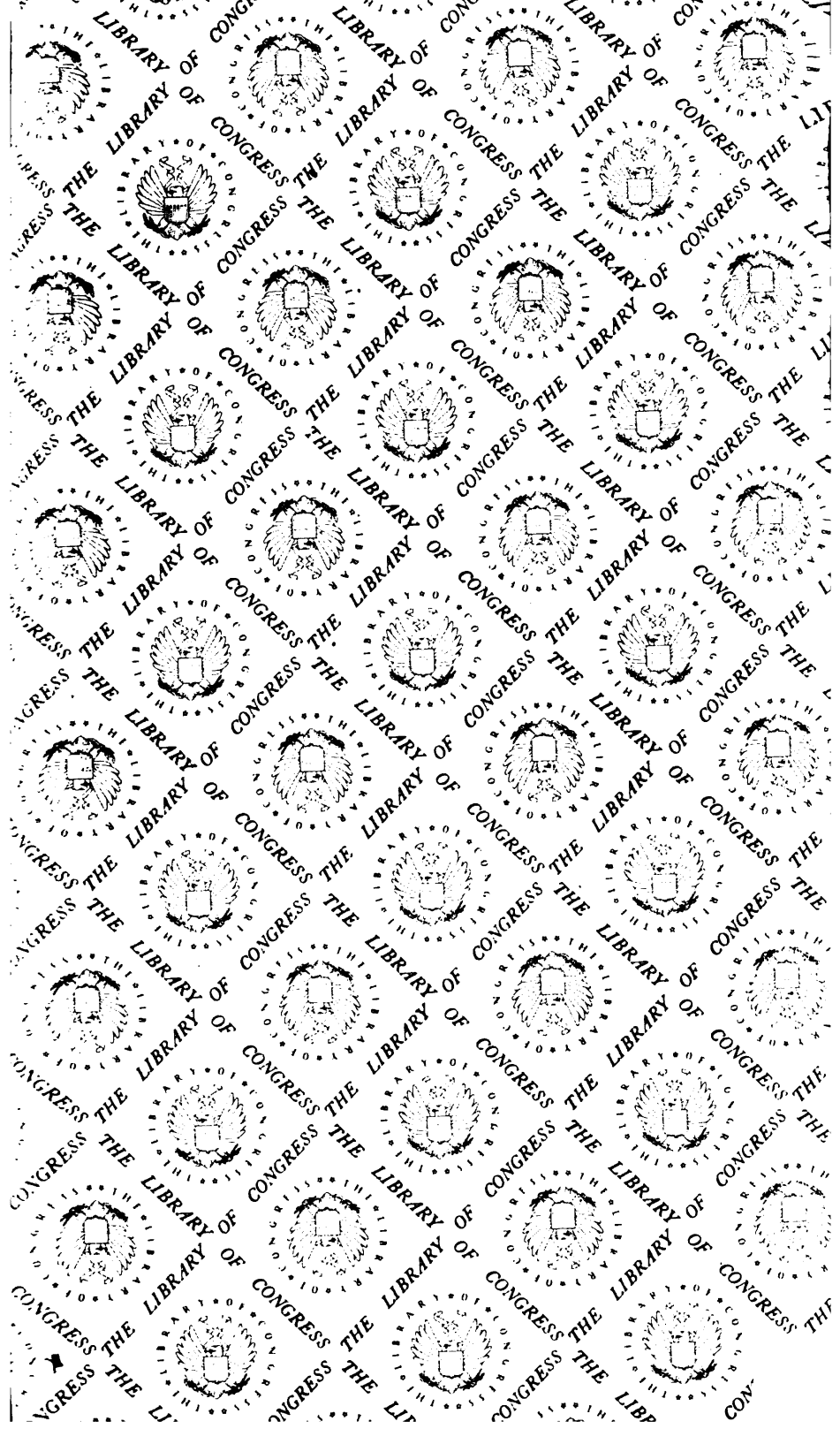
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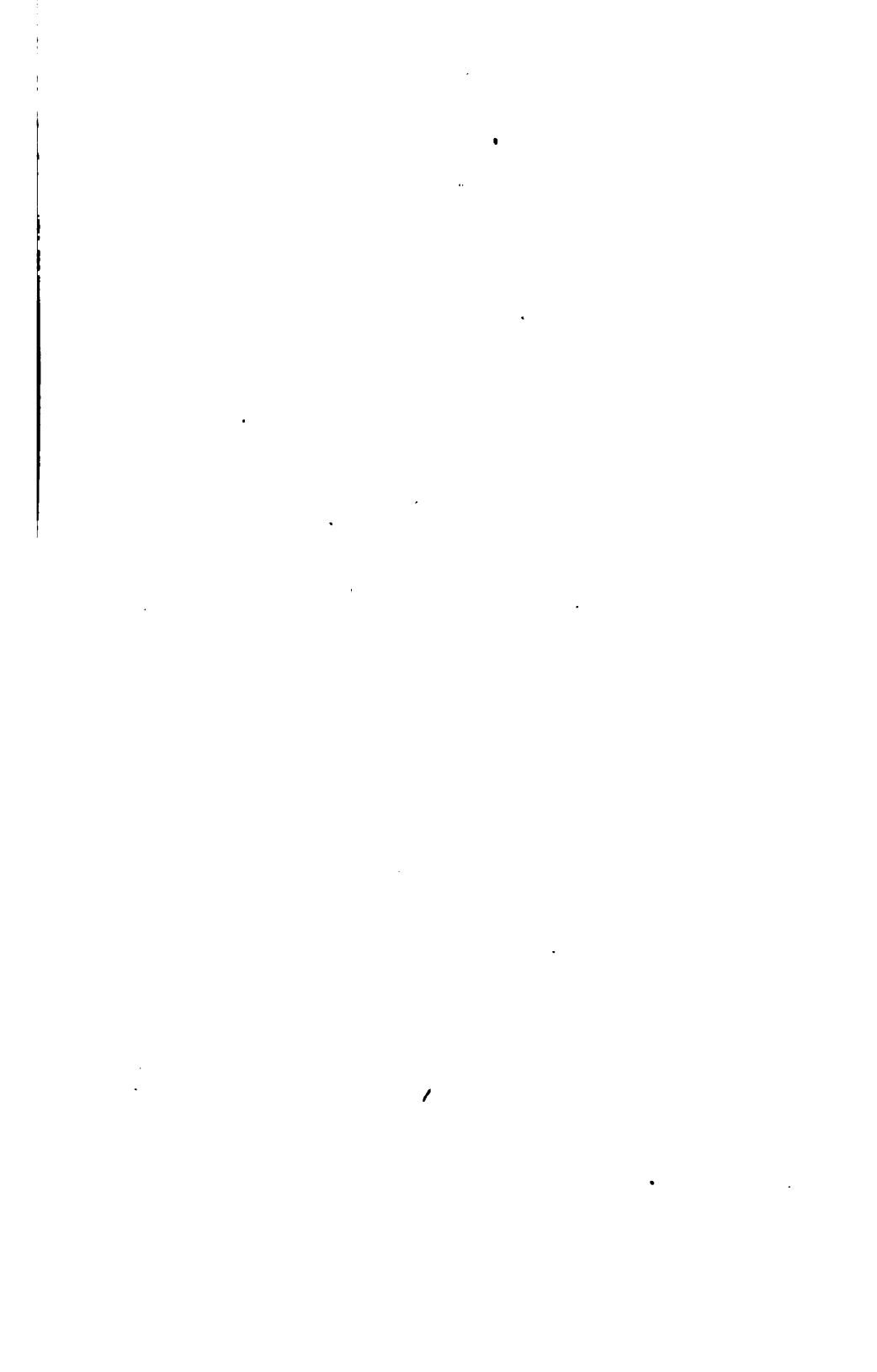
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TARIFF HEARINGS

**BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,**

SIXTIETH CONGRESS.

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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

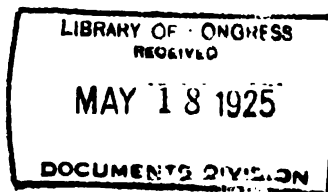
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II



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part 1

TARIFF HEARINGS. 1

THE COMMITTEE ON WAYS AND MEANS,
Monday, November 30, 1908.

(The committee this day met, Hon. Sereno E. Payne in the chair.)

The CHAIRMAN. We will first take up the subject of rope this morning and we will hear Col. E. D. Metcalf.

STATEMENT OF MR. E. D. METCALF, REPRESENTING THE COLUMBIA ROPE COMPANY, AUBURN, N. Y.

MR. METCALF. Mr. Chairman and gentlemen, you had the pleasure of listening to another constituent of Mr. Payne Saturday, and I am one of the men in his district who has been troubling him for some time past. I have prepared a short brief and the subject is not such as to take very much of your time.

Agreeable to the request of your committee that only one person should represent a given industry, I have been asked by the manufacturers using vegetable fibers, covered by paragraph 566 of the Dingley law of 1897, manufactured into binding twine and rope, to present their views and submit suggestions for your consideration.

We are interested not only in 566, covering raw material, but 329, 491, and 573, covering binding twine, rope, and cordage made from various vegetable fibers.

In considering how any new tariff would affect an industry it is well to investigate what has been the result under former tariff bills. Our raw material has been upon the free list, a large part of our production is on the free list, and a small portion protected by a small duty insufficient to equalize the wages paid in Europe with those paid in this country.

The manufacture of rope and binding twine as a whole has been one of the most unfortunate industries in the United States for the past twenty years, and there are strewed from Canada to the Gulf of Mexico manufacturing plants dismantled and many unoccupied for years which were once prosperous industries. Very few, indeed, have had any degree of apparent prosperity.

This condition, however, is not due to tariff laws, for this country has exported their product as well as imported manufactured articles in our line, but it has been due largely to the small margin of profit between raw and finished product, fluctuations in the price of raw material, cost of labor, which is at least 33 per cent higher than it was ten years ago, and the gradual and increasing use of wire rope in the equipment of vessels.

With these conditions before you, we beg leave to suggest the following recommendations to your committee:

First. That paragraph 566 of the tariff law of 1897, covering raw material, remain as it is at the present time.

Second. That paragraph 329, covering manufactured cables and cordage, read as follows:

Cables and cordage composed of istle, tampico fiber, manila, sisal grass, sunn, or a mixture of these or any of them, three-fourths of a cent per pound, cables and cordage made of hemp tarred or untarred, 2 cents per pound.

The suggested decrease of one-fourth of a cent per pound, duty minimum, is for the purpose of assisting the committee in arriving at the lowest duty that we can possibly manufacture under, in view of increased labor costs here over that in Europe.

Third. Hide rope included in paragraph 573 should be included in paragraph 329, as it is simply one variety of rope made by every manufacturer of rope and should not be in the free list any more than any other kind of rope.

Fourth. Paragraph 491, binding twine, should read the same as now, excepting that it should also include the word "manila," as follows:

All binding twine manufactured from manila—

That was omitted from the last law—

All binding twine manufactured from manila, New Zealand hemp, istle, or tampico fiber, sisal grass, or sunn, or a mixture of any two or more of them, of single ply and measuring not exceeding 650 feet to the pound—

That is on the free list—

Provided, That articles mentioned in this paragraph, if imported from a country which lays an import duty on like articles imported from the United States, shall be subject to a duty of one-half of one cent per pound.

That is the only paragraph I have been able to read in the Dingley law that has been reciprocal in its action. It has been flexible according to the conditions throughout the country.

The reason that manila was not included in paragraph 491 was because manila hemp is usually spun into longer yarn than other fibers and the labor cost is much greater and wages being so much cheaper in Europe it was considered necessary to protect the manufacturers in this country to that extent, and manila binding twine has therefore been imported only under the general manufacturing clause. The refunding of the export duty on manila hemp from the Philippines manufactured in the United States now acts as a partial offset to the decreased cost of wages in Europe, and manila could be included in the regular paragraph covering binding twine without serious injury to the manufacturers of this country, so long as they receive the refund of the export duty paid on manila hemp in the Philippines.

The proviso in this paragraph is absolutely necessary to protect us against the possibility of Canada placing an import duty on binding twine to protect their own manufacturing interests.

As we now export to Canada more twine than is imported from Canada the conditions are reciprocal, but there would be great injury to the manufacturers in this country should this proviso not be incorporated in this paragraph.

Following this I furnish the statistics of both the receipts and the exports of binding twine for the last ten years, but I will not trouble you to listen to them.

(The statistics referred to by Mr. Metcalf follow:)

The amount and value of imports of rope for recent years is as follows:

Rope, tarred or untarred, of hemp.

	Quantity Imported.	Value.	Duty col- lected.	Value per pound.	Ad valorem duty.
	<i>Pounds.</i>				<i>Per cent.</i>
1898, 2 cents per pound.....	310,303	\$28,385.04	\$6,026.06	\$0.091	21.87
1899, 2 cents per pound.....	335,776	31,694.50	6,715.52	.091	21.19
1900, 2 cents per pound.....	363,960	34,319.00	7,279.20	.094	21.21
1901, 2 cents per pound.....	118,407.50	11,823.95	2,368.15	.10	20.03
1902, 2 cents per pound.....	517,741	55,159.00	10,354.82	.107	18.77
1903, 2 cents per pound.....	317,099	33,248.10	6,341.98	.105	19.10
1904, 2 cents per pound.....	408,973.50	42,512.00	8,139.47	.104	19.15
1905, 2 cents per pound.....	301,293	36,575.00	7,225.86	.101	19.75
1906, 2 cents per pound.....	625,236.25	51,434.00	12,504.73	.082	24.31
1907, 2 cents per pound.....	760,326.75	60,621.00	15,206.54	.079	25.08

Other rope, of istle, tampico fiber, manila, sisal grass, or sunn, or a mixture of them, or any of them.

	Quantity im- ported.	Value.	Duty col- lected.	Value per pound.	Ad valorem duty.
	<i>Pounds.</i>				<i>Per cent.</i>
1898, 1 cent per pound.....	80,339	\$6,061.80	\$903.38	\$0.066	11.54
1899, 1 cent per pound.....	50,543	8,722.80	505.43	.074	13.58
1900, 1 cent per pound.....	40,466	2,632.25	404.66	.065	15.37
1901, 1 cent per pound.....	23,606.50	1,976.50	236.06	.064	11.94
1902, 1 cent per pound.....	130,075	5,584.00	1,300.75	.042	23.50
1903, 1 cent per pound.....	82,067	8,688.00	820.67	.106	9.46
1904, 1 cent per pound.....	59,804	5,987.22	598.04	.100	9.99
1905, 1 cent per pound.....	162,732	15,649.00	1,627.32	.096	10.40
1906, 1 cent per pound.....	353,028	36,220.00	3,530.28	.103	9.75
1907, 1 cent per pound.....	89,247	8,577.50	892.47	.096	10.40

The amount and value of imports of binding twine are as follows:

Binding twine manufactured from New Zealand hemp, istle, or tampico fiber, sisal grass, or sunn, or single ply, and measuring not exceeding 600 feet to the pound.

	Quantity im- ported.	Value.	Value per pound.	Ad valo- rem duty.
	<i>Pounds.</i>			
1895, free of duty.....	289,355	\$14,082.00	\$0.049	Free.
1896, free of duty.....	820,619	47,531.10	.058	Free.
1897, free of duty.....	293,612	14,350.49	.049	Free.
1898, free of duty.....	374,395	30,989.00	.082	Free.
1899, free of duty.....	1,835,642	184,312.55	.10	Free.
1900, free of duty.....	4,700,926	443,487.00	.094	Free.
1901, free of duty.....	6,645,421	480,174.00	.072	Free.
1902, free of duty.....	8,484,175	704,571.00	.083	Free.
1903, free of duty.....	3,537,305	312,905.00	.083	Free.
1904, free of duty.....	8,651,974	843,546.00	.098	Free.
1905, free of duty.....	3,748,612	330,989.50	.088	Free.
1906, free of duty.....	3,793,986.50	349,774.25	.072	Free.
1907, free of duty.....	2,486,400	227,409.00	.09	Free.

Binding twine from countries which impose a duty on like articles imported from the United States.

	Quantity im- ported.	Value.	Duty col- lected.	Value per pound.	Ad valo- rem duty.
	<i>Pounds.</i>				<i>Per cent.</i>
1898, one-half cent per pound.....	275	\$18.00	\$1.38	\$0.085	7.87
1899, one-half cent per pound.....	2,100	185.82	10.50	.079	6.84
1906, one-half cent per pound.....	1,892	161.00	9.40	.085	5.88
1907, one-half cent per pound.....	80	6.00	.15	.20	2.50

The value of exports of cables and cordage and twine have been as follows:

	Cordage.	Twine.
1898.....	\$576,140	\$1,091,576
1899.....	735,049	1,506,345
1900.....	927,806	2,646,482
1901.....	832,371	2,591,412
1902.....	713,439	2,965,377
1903.....	935,587	3,331,101
1904.....	926,278	4,396,364
1905.....	920,127	4,696,090
1906.....	886,561	5,506,068
1907.....	934,630	5,584,772

The CHAIRMAN. In paragraph 491 what changes do you make from the present law?

Mr. METCALF. It includes manila hemp, which was included in the original paragraph 491.

The CHAIRMAN. That is the only change you suggest?

Mr. METCALF. In the paragraph on binding twine that is the only change, with the proviso, which is reciprocal.

The CHAIRMAN. The proviso is there now?

Mr. METCALF. Yes, sir. That will protect us against Canada if Canada should put on an export duty. It puts us now against Germany and France, who make large quantities of binder twine, because they would have to pay half a cent duty.

The CHAIRMAN. Unless they put their binding twine on the free list?

Mr. METCALF. Exactly. That would open their market to us. It is the only paragraph in the Dingley bill that has been reciprocal at once without any action on the part of the President.

The CHAIRMAN. There are other paragraphs, one of which has been very much criticised. That paragraph relates to petroleum and its products.

Mr. METCALF. I am not interested in petroleum.

The CHAIRMAN. There are other paragraphs and this petroleum paragraph has been very much criticised. It provides for a duty unless they give us free entrance to their markets. The paragraph in regard to petroleum has operated as to other countries except Russia. Russia puts on a large duty and we have a duty on the products coming from Russia. That paragraph originated with the Wilson bill and was continued in the Dingley bill, the present law.

Mr. CLARK. I did not catch your name?

Mr. METCALF. E. D. Metcalf.

Mr. CLARK. I want to say that you have made a remarkably luminous statement of your matter. I want to ask you a few questions.

The CHAIRMAN. He comes from Auburn.

Mr. CLARK. I observe that, but I want to say that he did make a clear and concise statement of what he wants.

Mr. GAINES. Notwithstanding his residence is in Auburn.

Mr. CLARK. He did that notwithstanding that he resides in Auburn.

I want to ask you a question or two about section 491. Do you take this binding twine simply to mean binder twine or does it mean all sorts of twine?

Mr. METCALF. Only binding twine.

Mr. CLARK. Is that binder twine?

Mr. METCALF. It is twine used in the binding of grain.

Mr. CLARK. Out West, where we raise the grain, we say "binder twine?"

Mr. METCALF. Binding twine and binder twine, I think, in the Treasury Department are considered as one.

Mr. CLARK. Is there any sort of tariff on binding or binder twine except this provided for in paragraph 491?

Mr. METCALF. That is the only one, and that enables the manufacturers of this country to export more binding twine than they import.

Mr. CLARK. I am glad to hear that. Is there any such thing in the United States as a binding-twine trust?

Mr. METCALF. No, sir; not to my knowledge.

Mr. CLARK. If that is true, how does it happen that when Kansas and, subsequently, Missouri went into the business of manufacturing twine in the penitentiaries that they brought down the price of binding twine in those two States?

Mr. METCALF. If you will permit me, I will go into that.

Mr. CLARK. I want to understand it.

Mr. METCALF. In 1890, or about that time, there was formed what was called a trust in the cordage business by the formation of a large company called the "National Cordage Company."

Mr. CLARK. I had forgotten the name; that was it.

Mr. METCALF. I was not in the cordage business at that time; I was a user of their product. I wanted to buy it at a fair price and I could not. I am telling you my own experience.

Mr. CLARK. That is as good as any, and perhaps better.

Mr. METCALF. I decided to build a mill. They defied me. They said that I could not do it, that I could not get any machinery. I tried to buy the machinery in this country. I found that they had subsidized the only factory that made machinery in this country. Then I sent to Europe. I found they had subsidized the factories there and that I had no opportunity to buy the machinery in Europe. Then I got a draftsman who was familiar with the matter, and from the original drawings we made wooden patterns and then metal patterns and then our machinery. Of course, starting from the foundation up, we had a great many difficulties in the first year or two, but we were able to live when the trust failed.

Mr. CLARK. I congratulate you.

Mr. METCALF. That is the difficulty I had to get into the business. Now, to answer your question, this condition was what led, unfortunately, to the building of binding-twine industries in our State prisons. It was those conditions that compelled me to go into the business. If I could have bought twine at that time I would not have gone into the manufacture of twine, that is, if I could have bought it at a fair and reasonable price, but I was compelled to make twine and compete with them in the field, because we were manufacturing agricultural implements and it was necessary. We could not sell binders without selling the twine. The same condition we had to face existed in the West. Those conditions no longer exist. They have not existed for a good many years, and there is no necessity for any State prison to go into the business, because binding twine is sold to-day at a very small profit; that is, it is no longer above a legitimate profit.

Mr. CLARK. They were already in?

Mr. METCALF. Yes, sir.

Mr. CLARK. Kansas led the way, and five or six years ago Missouri went into the business. You say the cordage trust has failed?

Mr. METCALF. They failed, their successors failed, and their successors beyond failed.

Mr. CLARK. I am really glad to hear it. You helped to do it?

Mr. METCALF. Kansas did their part.

Mr. CLARK. You helped to do it?

Mr. METCALF. They give me credit for it.

Mr. CLARK. I want to ask you the specific reasons for putting in manila?

Mr. METCALF. Manila was omitted from the original paragraph owing to the expense attending its manufacture, but now with the reduction of duty there is no reason why the manufacturers should object to that. To go a little further, I want to say that we have considered the subject and have decided on the measures I have recommended here.

Mr. CLARK. How many separate companies are there manufacturing what you might call "cordage" in a general way?

Mr. METCALF. Not over ten in the whole United States.

Mr. CLARK. Paragraph 329 reads:

Cables and cordage composed of istle, Tampico fiber, manila sisal grass or sunn, or a mixture of these or any of them, 1 cent per pound.

You suggest that we cut that down to three-quarters of a cent?

Mr. METCALF. Yes, sir.

Mr. CLARK. Can you still do business?

Mr. METCALF. We believe so. We want to meet the wishes of the Middle West in helping the committee on this subject.

Mr. CLARK. The other words in the paragraph are:

Cables and cordage made of hemp, tarred or untarred, 2 cents per pound.

Do you propose to change that in any way?

Mr. METCALF. No, sir. That is made from Russian hemp, all imported. That is not from any production which we raise in this country. It is used on vessels.

Mr. CLARK. Are the American makers of cordage at this time exporting more than is imported into the United States?

Mr. METCALF. I do not think so. I guess they export more, not very much more.

Mr. BOUTELL. What is the total money value of the exports of binder twine?

Mr. METCALF. The statistics of the Treasury Department do not separate binding twice from the other twines. The exports last year were \$5,000,000, but that covered all kinds and descriptions of twine. I have applied to the Treasury Department for a separation, but they have informed me that it requires a great deal of work. They are going to separate the figures for the city of New York, and I will be glad to furnish them to the committee.

Mr. BOUTELL. In the same classification, what was the amount of the domestic consumption?

Mr. METCALF. Of binding twine alone?

Mr. BOUTELL. If you can give binding twine.

Mr. METCALF. I can not; but it was several times that amount.

Mr. BOUTELL. The total amount of cordage exported was \$5,000,000?

Mr. METCALF. Of binding twine?

Mr. BOUTELL. Yes, sir.

Mr. METCALF. About \$900,000. I have the exact figures here. In 1907 it was \$934,630 of cordage; in 1906, \$886,561; in 1905, \$920,127. Of binding twine those three years it was: 1907, \$5,584,772; 1906, \$5,505,068, and 1905, \$4,698,090, and the year before that, \$4,396,364.

Mr. BOUTELL. Can you give for any of those years the total of domestic consumption?

Mr. METCALF. No, sir. I want to point out again that since the Dingley bill was enacted, ten years ago, when the exports were \$1,091,576, we have increased the exports of various kinds of twine \$5,000,000. I can not give the domestic consumption, because I did not come prepared with those figures.

Mr. BOUTELL. Who are the largest users of the binder twine manufactured in this country?

Mr. METCALF. The farmers of the United States everywhere where grain is reaped and cut with a binder.

Mr. BOUTELL. I understand, but to whom do the manufacturers of binder twine sell?

Mr. METCALF. They usually sell to the local dealers in every community where the twine is used. It may be a small farmer or it may be a corner grocery store that sells the binding twine.

Mr. BOUTELL. A large amount of it is used by the manufacturers of agricultural implements?

Mr. METCALF. They only use it in testing their machines. They distribute it themselves through the same channels that the other people do.

Mr. BOUTELL. Are there any other agencies that contributed to the breaking up of the cordage trust, except the ones you have mentioned?

Mr. METCALF. I have not given the names, but there are several, and I think they are proud of it—the Plymouth Cordage Company and the E. H. Fitler Company. They have always been proud of the fact.

Mr. BOUTELL. And I think justly so and they deserve the thanks of the community. Were there any other agencies—were there any prosecutions against the cordage trust?

Mr. METCALF. No, sir. Speculation, I think, had as much to do with it as anything.

Mr. GRIGGS. I understand that you appear here in favor of free binding twine and everything on that line. Binding twine is already free?

Mr. METCALF. Yes, sir.

Mr. GRIGGS. Do you favor free jute?

Mr. METCALF. Jute is another matter and will be covered by others. I am decidedly in favor of jute fiber being free for the manufacture of jute also.

Mr. GRIGGS. I understand you appear here in behalf of the farmers?

Mr. METCALF. No, sir. I appear in behalf of the manufacturers of hard fiber; that is, manila, sisal, New Zealand sunn, and tampico; that class of fiber as distinguished by the Treasury Department in paragraph 329.

Mr. GRIGGS. Please give me briefly your reasons for being in favor of free jute?

Mr. METCALF. There are other gentlemen better prepared to answer that question.

Mr. GRIGGS. But I am only asking you.

Mr. METCALF. My reason is that jute is not raised in this country and is not raised in any of the colonies, you might say, of the United States.

Mr. GRIGGS. Do not say that in the presence of my friends here.

Mr. METCALF. It is a low-priced material and comes from a country where they have the lowest price of labor in the world, and there is no reason why we should not have raw material of that character free.

Mr. GRIGGS. Do you not believe that the farmers of the United States should have material for gathering and marketing their crops free?

Mr. METCALF. You are covering a pretty broad subject, but I am very much inclined to think—

Mr. GRIGGS (interrupting). You are a broad man.

The CHAIRMAN. It is the intention to have other gentlemen come before the committee subsequently on the other subjects, and I think we better confine ourselves to this schedule now. Mr. Metcalf will be before the committee again.

Mr. GRIGGS. I have seen gentlemen leave this committee and expect to come back.

The CHAIRMAN. You need not be at all worried about Mr. Metcalf. Let us confine ourselves to the schedule now before the committee.

Mr. GRIGGS. I am very sorry that I wounded the chairman's feelings.

Mr. GAINES. You say that you export more than you import. What is the reason for asking a duty?

Mr. METCALF. We do not ask for a duty on binding twine.

Mr. GAINES. That you want free?

Mr. METCALF. Yes, sir.

Mr. GRIGGS. On account of my fear of wounding the sensibilities of the chairman I did not go quite as far as I would like. I wanted to talk over free jute bagging with you.

Mr. METCALF. I am perfectly willing.

The CHAIRMAN. Bagging is in this schedule.

Mr. GRIGGS. Then, what do you say?

Mr. METCALF. I do not think you can afford to put jute bagging on the free list. Jute bagging is a coarse product. I am not familiar enough with the subject to answer as other gentlemen are. It is a coarse product and it has to be manufactured with high labor.

Mr. GRIGGS. High labor with a coarse product?

Mr. METCALF. It is produced from the lowest-priced raw vegetable fiber known and sells at a very low price and the protection is not more than sufficient, I believe, to offset the labor cost between this country and Europe. That is my opinion. I do not know very much about the subject.

Mr. GRIGGS. What is going to protect the farmer, who grows cotton and who must have jute bagging with which to cover it, from the low labor of Egypt and India?

Mr. METCALF. I think the gentlemen representing that industry can answer the question better than I can. The small duty is the only means we have to protect American labor against the low-priced labor in India.

Mr. GRIGGS. You think somebody else can tell better than you can how to protect the farmer against the low-priced labor of India?

Mr. METCALF. They can give the details better than I can.

Mr. GRIGGS. I want your opinion about it.

Mr. METCALF. I do not know of any other method to protect the labor of this country, who demand a reasonable wage which will give them the comforts of life which they now expect, except some protection in some form or other, even if it has to be by the tariff.

Mr. GRIGGS. You have free binding twine for the farmers of the West?

Mr. METCALF. We have.

Mr. GRIGGS. There is nothing that the farmers of the West must pay taxes on in connection with the gathering of their crops, is there, excepting implements, which we have to pay the same taxes on?

Mr. METCALF. But you do not pay any taxes on implements. If you want to discuss that question—

Mr. GRIGGS (interrupting). I do not want to discuss that question. Of course on iron and steel there is a tax, and that makes a tax on the implements.

Mr. METCALF. Indirectly.

Mr. GRIGGS. But you can see as far back as I can?

Mr. METCALF. Indirectly.

Mr. GRIGGS. Why not give the farmers of the South, the growers of the one article that really makes the balance of trade in favor of this country with the balance of the world—why not give them free bagging?

Mr. METCALF. If you will allow me, the difference between binding twine, which we are asking to be placed on the free list, because it is on the free list, and bagging is this: That the labor in proportion to the cost of the finished product of binding twine is much less, in my opinion, than it is on bagging; consequently, there is necessity for more protection on bagging than on binding twine.

Mr. GRIGGS. That is it?

Mr. METCALF. That is my theory.

Mr. GRIGGS. Suppose we are selling cotton below the cost of production, which we are, do you not think we should have some help from the Government? You understand that individuals have come here asking help of the Government, like you folks.

Mr. METCALF. I would like to see every farmer in the United States get all the help necessary from the Government.

Mr. GRIGGS. All we want is an open and fair market with the rest of the world. Do you think we have it with a tax on jute bagging?

Mr. METCALF. It is not a very large tax, is it?

Mr. GRIGGS. It is large enough to make a difference in the price of cotton. The smallness of the crime does not mitigate it, does it?

Mr. METCALF. The bagging looks poor enough; there should not be very much duty on it.

Mr. GRIGGS. Do you not believe that we should have the same chance with the other farmers of the United States?

Mr. METCALF. Certainly; there is no question about that.

Mr. GRIGGS. You believe that?

Mr. METCALF. Certainly.

Mr. RANDELL. You are in favor of jute being on the free list?

Mr. METCALF. Yes, sir.

Mr. RANDELL. But you are in favor of a protective tariff on jute bagging?

Mr. METCALF. I am in favor of whatever is absolutely necessary to protect the labor of this country and to enable the manufacturers to pay the wages they have to pay, but there are gentlemen here who can give the details far better than I can.

Mr. RANDELL. I am speaking about jute bagging, the kind used in covering bales of cotton. You are asking that that be kept under a tariff?

Mr. METCALF. I am not asking for it, because I am not appearing on that subject.

Mr. RANDELL. But you want the jute manufacturers protected?

Mr. METCALF. I say it is necessary.

Mr. RANDELL. Is this bagging manufactured in this country?

The CHAIRMAN. We are going to have a dozen witnesses, more or less, who are connected with that business. Mr. Metcalf is not in that business.

Mr. RANDELL. In the interest of time I will wait.

Mr. GRIGGS. Mr. Metcalf has already stated that he was in favor of according all the farmers of the Union the same treatment. That is true?

Mr. METCALF. Yes, sir; that is right. There is no reason why one side should be protected against the other.

The following letter was submitted:

WASHINGTON, D. C., November 30, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means, Washington, D. C.

DEAR SIR: The subscribers entirely agree with the remarks and brief filed by Col. E. D. Metcalf on the matter concerning binder twine and rope generally, with this exception: That they object to having the word "manilla" inserted in paragraph 491 of the Dingley tariff act. We are strongly of the opinion that this word should not be inserted, but that the section referred to should remain exactly in its present shape. Our reasons for this objection is that we are fearful that manilla yarns of any grade may be imported into this

country as binder twine under the free list and be used in the manufacture of rope. This is not a theory but a fact, from the fact that the same state of affairs exist in other countries where binder twine is on the free list.

Respectfully,

WILLIAM W. FITLER,
President of The Edwin H. Fittler Company, Philadelphia.

L. O. IVEY,
Treasurer of Whitlock Cordage Company, New York City.

The CHAIRMAN. We will now hear Mr. Levett.

STATEMENT OF MR. B. A. LEVETT, 24 STATE STREET, NEW YORK, N. Y.

The CHAIRMAN. Whom do you represent?

Mr. LEVETT. I represent the Eureka Fire Hose Company, of New York; the Charles Medner's Sons Company, Malden, Mass.; William and Charles Beck, Lawrence, Mass., and the Boston Woven Hose Company, Cambridge, Mass. These companies make woven flax hose—that is, the fire hose that is used throughout the country.

The CHAIRMAN. You may proceed.

Mr. LEVETT. The duty on flax hose under paragraph 330 is 20 cents a pound. The duty on the yarn from which it is made is 45 per cent ad valorem under paragraph 347, manufactures of flax not specially provided for. The yarn that is mainly used in the making of this hose is called a finished yarn. That is to say, a yarn that has been put through a process of boiling to remove the gum. It is not bleached. The bleaching would spoil it for the hose. In the making of this fire hose they have to use a yarn which, when the water goes through the hose, will swell up and form a compact wall, so that the water can not get through. The lea is No. 19. In paragraph 331 single yarns in the grays are provided for by an ad valorem rate of 40 per cent, and in paragraph 330 threads, twines, or cords, made of flax yarn, are provided for at specific rates. The yarn we use in the manufacture of this hose is a finished yarn, which is provided for in paragraph 330. The rate on that depends on the lea. With 19 lea the rate is three-fourths of a cent a pound additional to the 13 cents a pound. For all lea finer than 5 the specific rate is $23\frac{1}{2}$ cents, which is equivalent to an ad valorem of something over 100 per cent. The hose made from this yarn pays a duty of 20 cents a pound. In other words, you take a pound of imported thread and you pay a duty of $23\frac{1}{2}$ cents. You put that pound into hose and that hose is protected by a duty of 20 cents, which is 3 cents less than you pay on the yarn. We are not asking for any further protection on the hose. We are not asking for any more duty on the yarn, if the hose is kept at the same rate, but we would like to see a lower rate on the yarn for the purpose of reducing the cost of the hose, so the consumer would get it at a cheaper price. The rate, as I say, is 45 per cent. Prior to 1897 we imported the finished yarn. When the act of 1897 was passed the rate was put up so high that we had to import the single yarns and twist them here. We installed machinery. That is what has happened. You can ascertain from the difference in the importation of the yarn just what happened. In 1898 there were only 9,000 pounds of twisted yarn imported, while of the single yarn there were over 68,000 pounds, and there were about 704,000 pounds imported in 1907. We

employ the labor that twists the yarn and makes it into the thread that goes into the fire hose.

Mr. GRIGGS. You did that to avoid the higher duty on the yarn?

Mr. LEVETT. Yes, sir.

Mr. GRIGGS. What do you want now?

Mr. LEVETT. That the rate of 45 per cent be reduced. We want mainly to have that reduced.

Mr. GRIGGS. On the twisted yarn?

Mr. LEVETT. No, sir. We care nothing about the twisted yarn, because we have the machinery that twists it. If some of the interests want that reduced, we do not care.

Mr. GRIGGS. You want to reduce the duty on what you manufacture?

Mr. LEVETT. We would prefer to have that.

Mr. GRIGGS. You want the duty to remain as it is?

Mr. LEVETT. It really does not make very much difference. We pay a duty of 45 per cent, and we can do business. If it is put lower we would not do much more business, because there is very little of the finished hose imported, about 4,000 pounds, I believe, last year, and that is due principally to the fact that they can not make such good hose on the other side.

Mr. GRIGGS. You can outtwist them?

Mr. LEVETT. Yes, sir.

Mr. GRIGGS. Why could you not, with the reduced duty, outprice them?

Mr. LEVETT. The chances are we could.

Mr. GRIGGS. I am glad to hear that.

Mr. LEVETT. There is this, however, about the hose we make, with the duty of 20 cents a pound on the imported article. If you take the labor cost here and abroad as the same thing, allowing for the difference in labor cost, they can sell their hose here within about 5 per cent or 6 per cent or 8 per cent, at the most, of the price it costs us to make it.

Mr. GRIGGS. Then you do not want a duty of 20 per cent?

Mr. LEVETT. It is 20 cents a pound.

Mr. GRIGGS. Then you can reduce the duty on the hose?

Mr. LEVETT. If you provide a decrease in proportion. That is, if you reduce the duty on the imported yarn, we are perfectly willing to have the duty on the hose reduced.

Mr. GRIGGS. You are perfectly willing that the whole thing be put on the free list?

Mr. LEVETT. Yes, sir.

Mr. GRIGGS. That would give us all adequate fire protection at a cheaper rate?

Mr. LEVETT. Yes, sir. I think there is another point perhaps in regard to putting fire hose on the free list.

Mr. GRIGGS. I mean the protection from fire.

Mr. LEVETT. So do I. There is a lot of hose, as you gentlemen all know, that bursts, and a great deal of the cheap hose would come in if there was no duty. If you continue the 20 cents a pound duty it will keep out the very cheap hose, and I think it ought to be kept out. As I said before, we do not care very much about that.

Mr. GRIGGS. You could advertise that fact and let the people all know which was the good hose which would not break?

Mr. LEVETT. I think most of the fire departments know. This flax hose is pretty well sold in this country.

We ask that the duty on the yarn be not increased. We would like to see it reduced.

Mr. GAINES. Is this fire hose?

Mr. LEVETT. Yes, sir.

Mr. GAINES. They use a different grade?

Mr. LEVETT. You will find that a great deal of the hose they use is cotton hose.

Mr. DALZELL. What do you suggest instead of the 45 per cent?

Mr. LEVETT. I have not very much of a suggestion to make; if it is put down to 35 or 25 per cent it would mean that the cost of the finished hose would be just that much less. I represent practically all of the companies. I want to say there is absolutely no combination, and that they are in sharp competition with each other.

STATEMENT OF MR. J. M. BEMIS, BOSTON, MASS.

Mr. BEMIS. Mr. Chairman and gentlemen of the committee, I desire to speak only in a general way. The younger men will have something more definite to say, and the gentlemen of the committee can ask them more questions than I might be prepared to answer. The bag manufacturing companies have a duty to perform.

The CHAIRMAN. What paragraph is this under?

Mr. BEMIS. Paragraphs 341 and 343. The facts will all be given by the next gentleman on the list, who will read what we want. I will speak only in a general way.

The bag manufacturers have a duty to perform to this committee. We are here to give you our views as near as we can possibly do so. Some of us have been in the business for a generation. There are two gentlemen on the Ways and Means Committee whom I have been before personally at least three or four times, the chairman and the gentleman to his right. I have been here for various reasons. In the Dingley bill I advocated free burlaps if consistent with the revenues, and only if consistent with the revenues. We landed in the burlap schedule at what we call a protection rate, a very small differential on bags. The industry of this country has not been prosperous. Chairman Dingley at the hotel gave me about fifteen minutes for an interview. He said:

Mr. Bemis if you will advocate a lower rate of duty which yet may be protection I have the assurance of two wealthy concerns in the United States that they will build burlap mills. There are a great many jute mills, but no burlap mills.

Of course I could say nothing to that. If the industry could be built up here, I was not going to speak against it. All of you know that the present Dingley Act provides rates of five-eighths of a cent specific and 15 per cent ad valorem.

Mr. GRIGGS. Were the mills built?

Mr. BEMIS. They were not. I do not believe they can make the goods in this country unless there is a higher duty put on. I will only say that the gentlemen who represent the jute industry, which is largely different from ours, only want a duty on the plain burlaps which cover cotton and grain.

The question was asked the last speaker in regard to the covering of cotton bales in the South. Those goods are made in this country only to the extent of one-half of 1 per cent of what is used here, certainly under 1 per cent, so we do not advocate free burlap, because it would destroy the interests of others.

Some of the gentlemen interested in this schedule have been after me pretty sharp for advocating free burlaps in the Dingley bill, and I wish to say that I am not advocating free burlaps, because we recognize that the revenues of this country must be kept up. Goods that go on the free list have no protection, and no protection means less revenue, and we must have something coming in order to get the revenue. I do not know, but, perhaps, some of our consumers of burlap who are here may tell you—they are customers of ours—perhaps I ought to speak of free burlap, but I do not think it is advisable. It is either revenue from imports or it is a direct tax. You gentlemen will have to decide that question. I do not envy any of you the position you occupy. You occupy a very difficult position. You have to stand for the country, for the manufacturers, and for the consumers. It is a hard position, and what little the bag manufacturers can do to enlighten you we are willing and anxious to do.

There is just one more point I would speak of, and then I will give way to those who will furnish the more detail information. We had a meeting of the bag manufacturers, practically all of the bag manufacturers in the United States, in New York on the 17th. Nine-tenths of them were represented. We have had prepared a brief that the gentleman following me will read. That will give you the schedule. As I say, the bag manufacturers met in New York. Some of them were in favor of a higher duty, some in favor of a lower duty, some wanted a specific duty, and some wanted a differential. Finally we got together, the first time since I have been in the business when the burlap manufacturers and the bag manufacturers got together and decided upon one specific thing.

The CHAIRMAN. Well, I congratulate you. While you got together the committee will want to know the facts on which you acted in order that they may get together.

Mr. BEMIS. We ask a differential. In that respect everybody was an Oliver Twist—they wanted a little more. They will speak for themselves on that subject. I am much obliged to the committee for the attention which you have given me.

Mr. GRIGGS. Can you hear me?

Mr. BEMIS. Yes, sir. With the chairman's permission, I shall be glad to answer any questions.

Mr. GRIGGS. I do not need to ask the chairman's permission; the chairman is all right.

Mr. BEMIS. All right.

Mr. GRIGGS. Do you think that if there is a tax to be collected and revenue is to be raised, that the best place to get it is from the farmer, who does not know any better?

Mr. BEMIS. The best place to get it is from something that is imported.

Mr. GRIGGS. Certainly.

Mr. BEMIS. I am much obliged to you for your attention.

STATEMENT OF MR. A. V. PHILLIPS, OF BOSTON, MASS.

The CHAIRMAN. Whom do you represent?

Mr. PHILLIPS. I represent the burlap bag manufacturers of the United States.

The CHAIRMAN. You may proceed, Mr. Phillips.

Mr. PHILLIPS. We appear before you in relation to paragraphs 341 and 343 in the jute schedule. In paragraph 341, which covers common burlap, we ask for a rate of 1 cent per pound instead of five-eighths of 1 cent per pound and 15 per cent ad valorem.

Mr. GRIGGS. What difference does that make?

Mr. GAINES. What schedule are you talking about?

Mr. PHILLIPS. Paragraph 341. On common burlap we ask for 1 cent a pound specific duty instead of five-eighths of 1 cent a pound and 15 per cent ad valorem.

Mr. GRIGGS. What difference does that make?

Mr. PHILLIPS. The present duty at the present market value is equal to \$1.43 per pound.

Mr. GRIGGS. You want a reduction?

Mr. PHILLIPS. We are asking for a reduction of about 30 per cent on the burlap. We manufacture burlap bags out of burlap cloth. We import the cloth.

Mr. GRIGGS. You want the cloth on the free list?

Mr. PHILLIPS. No, sir; we are asking for a rate of 1 cent a pound.

Mr. UNDERWOOD. Right there, is all the burlap cloth imported and none of it manufactured in the United States?

Mr. PHILLIPS. Ninety-nine and one-half per cent is imported. About one-half of 1 per cent or less is made here in the United States.

Mr. UNDERWOOD. Then, if we reduced the duty that would reduce the revenue?

Mr. PHILLIPS. Yes, sir.

Mr. GRIGGS. When you come as close as 99½ per cent, why should you use the word "about." "About" would cover one-half of 1 per cent?

Mr. PHILLIPS. Yes, sir. Burlap cloth is our raw material. We manufacture burlap bags of imported cloth. We are asking for a reduced rate on the burlap cloth, and we are asking for an increased differential on the manufactured bags. Paragraph 343, instead of seven-eighths of a cent per pound and 15 per cent ad valorem, we would like to have that made 1½ cents a pound specific.

Mr. LONGWORTH. What would that amount to?

Mr. PHILLIPS. That means a reduction in the present rate of about 12 per cent. We are asking for a reduction of 30 per cent on the burlaps and a reduction of 12 per cent on the bags, which gives an increased differential on the bags of about 50 per cent over what we have now.

Mr. FORDNEY. Could you furnish the finished product to the consumer any cheaper?

Mr. PHILLIPS. Yes, sir. In the case of burlaps and bags the entire duty is paid by the consumer. The price to the consumer is more just by the amount of the duty. There is no question of exporting any of this material to foreign countries; it is all we can do to supply our own market in competition.

Mr. GAINES. Who buys it?

Mr. PHILLIPS. The agricultural interests—manufacturers of fertilizer, and it is used for grain and vegetables.

Mr. GAINES. What is the amount of your product that enters into the ordinary grain sack, how much of it?

Mr. PHILLIPS. According to the Treasury statistics for the year ended June 30, 1907—

Mr. GAINES (interrupting). No; I mean the amount that it takes to make a sack?

Mr. PHILLIPS. About $1\frac{1}{2}$ pounds.

Mr. GAINES. What is it worth at the present price?

Mr. PHILLIPS. Five, 6, or 7 cents.

Mr. GAINES. Six cents?

Mr. PHILLIPS. Say, 6 cents.

Mr. GAINES. The duty as it now stands is five-eighths of a cent a pound and 15 per cent ad valorem. How much would that make the total duty on one of these sacks?

Mr. PHILLIPS. Perhaps 1 cent, maybe a little more, depending on whether it is a large or small sack.

Mr. GAINES. That is all.

Mr. UNDERWOOD. There is a question that I want to ask you. I notice the number of pounds imported is 57,000,000. What is the total production in this country?

Mr. PHILLIPS. The statistics show that the imports of the cloth are 316,000,000 pounds.

Mr. UNDERWOOD. I was talking about the bags?

Mr. PHILLIPS. I am coming to that. The amount imported is 500,000,000 or 600,000,000 pounds, of which three-fourths is made into bags, say 350,000,000 bags.

Mr. UNDERWOOD. Manufactured in this country?

Mr. PHILLIPS. Yes, sir.

Mr. UNDERWOOD. Then that makes about 85 per cent of the consumption of the home market which you produce in this country, there being only about 15 per cent of the manufactured bags imported?

Mr. PHILLIPS. That is about right, I guess.

Mr. UNDERWOOD. Would the reduction of the duty you ask for increase the importation of bags?

Mr. PHILLIPS. Not if we get the reduction we ask for on the burlap cloth. It would decrease the importation of burlap bags.

Mr. UNDERWOOD. How seriously would that affect the revenues?

Mr. PHILLIPS. About \$1,500,000 a year.

Mr. UNDERWOOD. It would reduce the revenues?

Mr. PHILLIPS. Yes, sir.

Mr. POE. Do you manufacture cotton bagging?

Mr. PHILLIPS. No, sir.

Mr. RANDELL. What was the reason, if any, for the great increase in the price of jute bags about four or five years ago?

Mr. PHILLIPS. I do not remember the particular increase that you refer to. The prices go up and down, according to the supply and demand.

Mr. RANDELL. Did not the price go up permanently several years ago: not up and down, but simply go up and stay there?

Mr. PHILLIPS. Year before last we had a very big advance in the price of raw jute in Calcutta. It put up the price of all stuff.

Mr. RANDELL. What was the difference in the price of these bags, in which you put grains, oats, and wheat, in 1899 and 1902?

Mr. PHILLIPS. I can not carry those figures in my mind, but I can say in a general way that the price of bags fluctuates from 5 cents to 8 cents or 9 cents, grain bags. The market goes up and down the same as with cotton or anything.

Mr. RANDELL. The price was never as high as 7 cents before the Dingley bill was enacted, was it?

Mr. PHILLIPS. There are so many different kinds of bags that I do not know just what kind you have in mind.

Mr. RANDELL. At any rate, the tariff increased the price of the bags?

Mr. PHILLIPS. Undoubtedly, by just the amount of the tariff.

Mr. RANDELL. And that tax comes out of the grain producer?

Mr. PHILLIPS. The consumer of the bags, unless he gets it back from somebody else.

Mr. RANDELL. The grain producer not only has to pay that, but he has to pay whatever additional price is put on on account of the extra amount of money needed in the business?

Mr. PHILLIPS. Yes, sir.

Mr. RANDELL. So that is a direct tax upon the grain producers of the country?

Mr. PHILLIPS. Yes, sir.

Mr. FORDNEY. If the duty were removed, would it drive you out of business entirely?

Mr. PHILLIPS. No, sir. It would not drive us out of business, but it would hurt us.

Mr. FORDNEY. It would not hurt the consumers?

Mr. PHILLIPS. No, sir.

Mr. FORDNEY. You could still manufacture at a profit?

Mr. PHILLIPS. Do you mean if the duty on bags were taken off, or the duty on burlap?

Mr. FORDNEY. The duty on the raw material.

Mr. PHILLIPS. Both bags and burlaps were on the free list under the Wilson bill for three or four years. The bag men did not go out of business, but there were some importations of bags from abroad, and it was found that the American bag men could not compete. It did not continue long enough for the foreign bag manufacturers to get a very firm foothold.

Mr. FORDNEY. In your opinion, if the raw material and the finished product were put on the free list, you could not succeed and pay the same rate of wages for American labor that you pay now?

Mr. PHILLIPS. That is it. At the present time we have cables from Calcutta that there have been contracts made so far this year for shipment next year of about 25,000,000 bags to be shipped to California, Oregon, and Washington. Twenty-five million bags have been contracted for to be shipped here, notwithstanding the differential we now have on the bags, showing that the American manufacturer is not able to compete fully with Calcutta at the present differential.

Mr. COCKRAN. What do you mean by can not "compete fully?"

Mr. PHILLIPS. I mean where the bag is of a uniform size and shape, and where the companies in Calcutta can get large orders for them we are not able to compete on the same basis. We can compete chiefly because the consumers can not afford to send their orders to Calcutta.

Mr. COCKRAN. Why can not they afford to send their orders to Calcutta, if they can get the bags cheaper?

Mr. PHILLIPS. Where they order 25,000,000 bags all of one shape and kind, the orders can be sent to Calcutta to advantage.

Mr. COCKRAN. You are competing now?

Mr. PHILLIPS. No, sir. They are all being bought now in Calcutta.

Mr. COCKRAN. All of the bags of that particular kind come from Calcutta?

Mr. PHILLIPS. Nearly all of them.

Mr. COCKRAN. The bags which we import, are they better than the bags made here?

Mr. PHILLIPS. The bags that you see on the list here are chiefly those bags that go to the Pacific coast. It happens to be of one size and shape and kind. It is the bag called the "new cental bag," and it is because of the vast quantities in which those bags are used and made in Calcutta that we can not compete with them.

Mr. COCKRAN. I understood you to say that all the bags made in that branch of industry of this character are made in Calcutta?

Mr. PHILLIPS. All the burlap bags?

Mr. COCKRAN. Yes.

Mr. PHILLIPS. No, sir. Nearly all the burlap bags used east of the Rocky Mountains are made in the United States. We make them, but on the Pacific coast it happens that they use a large quantity of a certain kind of bag of one particular size and shape, and 25,000,000 of them have already been contracted for in Calcutta, to be shipped here in next March and April, to take care of the California and Pacific coast wheat crop that comes in next July and August.

Mr. COCKRAN. Let me see if I understand you. All the bags used in the various branches of the trade east of the Rocky Mountains are made by you?

Mr. PHILLIPS. Most of them.

Mr. COCKRAN. And a particular bag, just of one fixed size, you say, will be imported next year to California?

Mr. PHILLIPS. It is imported every year.

Mr. COCKRAN. You do not apprehend any larger importation this year than there was last year? I mean there is no new condition, is there?

Mr. PHILLIPS. No, sir. Every year we get from 30,000,000 to 35,000,000 of those bags, which come from Calcutta every year, because the differential that the American bag manufacturer has is not large enough to enable him to compete against the cheap labor of Calcutta.

Mr. UNDERWOOD. Where is the principal point where these bags are manufactured in the United States?

Mr. PHILLIPS. They are manufactured all over the country.

Mr. UNDERWOOD. What are the principal points?

Mr. PHILLIPS. The factories we represent this morning are located in 24 different States.

Mr. UNDERWOOD. On this side of the Mississippi River?

Mr. PHILLIPS. On both sides. Mr. Ames, of the firm of Ames, Harris, Neville Company, will speak later. He is here. There are six big companies on the Pacific coast.

Mr. UNDERWOOD. And they get their cloth delivered on the Pacific coast without the payment of railroad freight?

Mr. PHILLIPS. It comes right across from Hongkong.

Mr. UNDERWOOD. Then it has not the difference of freight rates?

Mr. PHILLIPS. No, sir. The freight rate has nothing to do with it. The cost of landing it at San Francisco is about the same as that at New Orleans. If we had a demand at New Orleans, a demand for one size of bag similar to this on the Pacific coast, we would not be able to compete against the Calcutta market.

Mr. UNDERWOOD. What is the current price of these bags in Calcutta?

Mr. PHILLIPS. The current price in Calcutta is now 13 rupees per hundred bags.

Mr. UNDERWOOD. Make it American money.

Mr. PHILLIPS. The cost of landing in San Francisco is about 6½ cents.

Mr. UNDERWOOD. Six and one-fourth cents in San Francisco, freight added?

Mr. PHILLIPS. Yes, sir; everything, and duty paid.

Mr. UNDERWOOD. What is the market price of the same class of bag f. o. b. factory in California?

Mr. PHILLIPS. Those bags ordinarily are turned over to the consumers right on the dock on arrival, and the difference is just a brokerage. It is whatever the importer can get out of it.

Mr. UNDERWOOD. I know, but I am asking you the cost price of the American bags f. o. b. the factory in California.

Mr. PHILLIPS. Six and one-fourth cents; it would be 6.40, perhaps, or 6.45; 15 or 20 points a bag.

Mr. UNDERWOOD. Six twenty-five—

Mr. PHILLIPS. Six forty-five against 6.25, a difference of about 20 points a bag.

Mr. UNDERWOOD. Now, how much is the difference in the tariff?

Mr. PHILLIPS. The difference in the tariff is already about 20 points a bag, but that 20 points a bag does not serve to protect us against the Calcutta labor of 10 cents a day. It needs about 20 points more, besides the 20 points we have already got.

Mr. UNDERWOOD. Is not the best estimate, where the labor of Calcutta and the freight rate take its place in this competition, the price at which the Calcutta merchant can lay this bag down at San Francisco? He has got the market to the point of competition as close as he can.

Mr. PHILLIPS. Yes, sir.

Mr. McCALL. That also includes the duty, the 6½ cents, the freight and the duty?

Mr. PHILLIPS. Yes, sir. The freight does not cut any figure in the calculation at all.

Mr. McCALL. It is the cost of landing?

Mr. PHILLIPS. Yes; duty paid. Say we can buy the bag to-day at 6.25; it would cost us to produce that same out of imported cloth, paying the present rate of duty, about 6.45.

Mr. UNDERWOOD. I understood you to say that the bag landed at San Francisco, not including the duty at the docks, was 6.25.

Mr. PHILLIPS. No; duty paid; including the duty.

Mr. UNDERWOOD. Without the duty, what does that reduce it to?

Mr. PHILLIPS. I do not carry the figures in my mind. The duty on the bag is somewhere around a cent or a cent and a quarter. Making a guess at it, it might be about 5 cents without the duty. That is a guess.

Mr. UNDERWOOD. In other words, the bag laid down in San Francisco without the duty would be 5 cents, against a factory price of 6.45. Is that right?

Mr. PHILLIPS. That factory price includes the duty on the cloth. We have to pay a duty on the cloth at five-eighths of a cent a pound and 15 per cent ad valorem.

Mr. UNDERWOOD. I am talking about the cost price at the factory, which of course includes the cost of the cloth. I want the cost price at the factory in California.

Mr. PHILLIPS. You do not want to compare the price of the bag without the duty against the price of our bag made up, including the duty on the cloth?

Mr. UNDERWOOD. No; but if you bought the cloth and paid the duty on it, that is certainly part of your cost price?

Mr. PHILLIPS. Yes.

Mr. UNDERWOOD. Either you do not understand me or I do not understand you.

Mr. PHILLIPS. I think it would be better to include the duty both times—the price of the bag, including the duty.

Mr. UNDERWOOD. I am trying to get some information, so as to make a comparison, and if you will kindly give it my way I will be obliged to you. What is the cost of the bag at the factory in California f. o. b. the car, including everything there? I mean the American-made bag in the factory in California.

Mr. PHILLIPS. Call it 6.45, including the duty that we have paid on the cloth.

Mr. UNDERWOOD. Now, I want the price of the Calcutta bag at the wharf in San Francisco without the duty.

Mr. PHILLIPS. Without the duty, 5 cents.

Mr. UNDERWOOD. Then there is a difference of 1.45 between the two bags?

Mr. PHILLIPS. Yes, sir; part of which is the duty that we have paid on the burlap cloth.

Mr. UNDERWOOD. I understand. Now, you say that practically all of the burlaps that are used in this country are imported—that is, the cloth?

Mr. PHILLIPS. Yes, sir; 99½ per cent.

Mr. UNDERWOOD. And 85 per cent of the bags that are sold in this country are manufactured here?

Mr. PHILLIPS. About that.

Mr. RANDELL. I would like to ask you a question: Give us what would be the price of the American bag if you had both bags and cloth on the free list, without the duty.

Mr. PHILLIPS. The American bag would cost us about 5.20 or about 5.40 against the Calcutta bag at 5 cents.

Mr. RANDELL. You are speaking about this special bag that is imported from Calcutta?

Mr. PHILLIPS. I am talking about that bag there. It is a fair sample bag.

Mr. RANDELL. That is the only competition you have there?

Mr. PHILLIPS. With the duty off both cloth and bag we could not compete at all with the imported article.

Mr. RANDELL. What percentage is that of all the bags used in the United States?

Mr. PHILLIPS. They are perhaps 15 per cent.

Mr. RANDELL. Then if the duty was off, as you say, the industry would go on in this country and have a large majority of the trade, would it not?

Mr. PHILLIPS. The burlap-bag industry is mixed in with the cotton-bag industry in such a way that the cotton-bag industry would continue anyway, even if they lost the burlap part of the trade. To what extent they would lose the burlap industry I can not say.

Mr. RANDELL. As I understand, it held up and built up in the years preceding the Dingley bill. Did not the business increase in this country during the years preceding the Dingley bill?

Mr. PHILLIPS. The business did increase because of an actual growth in the demand.

Mr. RANDELL. It did increase?

Mr. PHILLIPS. Yes; but it lost to the Calcutta bag. We did not hold our end against the Calcutta bag. But notwithstanding the small percentage that we lost to the Calcutta bag the business has been increasing every year.

Mr. RANDELL. You got a large per cent of the increase in this country and the growth of the business?

Mr. PHILLIPS. Yes, sir.

Mr. RANDELL. And you did not entirely absorb the whole market?

Mr. PHILLIPS. No, sir. The Calcutta bag came in.

Mr. RANDELL. It slipped in on the edges?

Mr. PHILLIPS. Yes, sir.

Mr. RANDELL. Now, with reference to helping American labor, would not your business, in your opinion, go on now if you got your goods, as you call it, your raw material, free, and the duty was taken off these bags? Would you not go on with your business?

Mr. PHILLIPS. Certainly. The cotton part of the business would go on, and I think we would be able to hold a part of the burlap business.

Mr. RANDELL. You would hold probably 85 or 90 per cent of the burlap business, would you not?

Mr. PHILLIPS. No, sir.

Mr. RANDELL. Would you hold 75 per cent of it?

Mr. PHILLIPS. No, sir. I do not know that we would be able to hold as much as half of it.

Mr. RANDELL. How much saving would that represent in a year to the farmers who raise the grain if, instead of paying 8 or 9 cents for bags, they could get them at 6 cents.

Mr. PHILLIPS. The saving is represented here by the Treasury statistics. The duty for the last five years has averaged about \$5,000,000 on burlaps.

Mr. RANDELL. That is, the duties that have been paid?

Mr. PHILLIPS. Yes.

Mr. RANDELL. What percentage of the trade was that which came in under the duty?

Mr. PHILLIPS. I do not quite understand your question.

Mr. RANDELL. That which was manufactured in this country paid no duty. It was only the imports.

Mr. PHILLIPS. We paid duty on the cloth.

Mr. RANDELL. Yes, I understand; but you did not pay duty on the bags that were manufactured here?

Mr. PHILLIPS. No, sir.

Mr. RANDELL. What would be the difference, what is the whole difference, in favor of the Treasury on those which are imported by having the duty on as it is, both on the bags and the cloth? What is the duty on bags?

Mr. PHILLIPS. I do not understand the question. I do not quite understand what it is you want to know.

Mr. RANDELL. It is this: We have a certain duty on the cloth and on the bags. Now, then, suppose we take that off. That makes a difference. What difference would it be on the bag?

Mr. PHILLIPS. You want to know the duty collected in a year, as taken from the statistics?

Mr. RANDELL. I guess you are not prepared to make the calculation.

Mr. GRIGGS. You said you had to be very accurate in the beginning of this testimony, so accurate as to reach 99½ per cent?

Mr. PHILLIPS. Yes, sir.

Mr. GRIGGS. You paid duty on the burlap cloth?

Mr. PHILLIPS. Yes, sir.

Mr. GRIGGS. You collected a duty on the bags?

Mr. PHILLIPS. Yes.

Mr. GRIGGS. Now, how much do you collect—that is, what profit do you put on on account of the duty? What does it amount to in a year? Of course it does not amount to the imports, because when they come in that goes to the Government; but how much do you get out of it—not your concern alone, but all of you? Because you are so mixed up that it is hard to tell you apart.

Mr. PHILLIPS. So far as the duty is concerned, we collect what we pay out exactly.

Mr. GRIGGS. Don't you collect the additional duty on burlap bags? They are not free. Don't you collect a difference between 5 cents and 6.40? I shall not say anything about it if you admit it. [Laughter.]

Mr. PHILLIPS. We collect our cost of manufacture, which, I suppose, is what you mean.

Mr. GRIGGS. Yes. That difference is 1.41 cents, or 1½ cents, or 1½ cents, from your standpoint. I will say 1½ and you can say 1½. Am I not correct on that?

Mr. PHILLIPS. We collect the duty we pay out, and we also collect the cost of manufacture in this country, and I think that covers the point you make.

Mr. GRIGGS. That is 1.40.

Mr. PHILLIPS. The duty is 1.40; we pay it out and get it back.

Mr. GRIGGS. You pay that out for labor?

Mr. PHILLIPS. That is duty.

Mr. GRIGGS. No; you do not pay any duty on the burlap bags.

Mr. PHILLIPS. We pay duty on the burlap cloth.

Mr. GRIGGS. I understand that, but not on the bags. After you have manufactured them, you collect on them from the consumers at large?

Mr. PHILLIPS. We collect back the duty that we have paid out, and we also collect the cost of manufacturing those with our American labor, which is more than the cost of manufacturing them in Calcutta with Indian labor.

Mr. GRIGGS. I understand you to say that if we destroyed your burlap industry you would continue the manufacture of cotton bagging?

Mr. PHILLIPS. I am not sure I understand what you mean by the term "cotton bag."

Mr. GRIGGS. Let me know what you mean by "cotton bagging."

Mr. PHILLIPS. We do not manufacture jute bagging for covering cotton bales.

Mr. GRIGGS. What do you mean by that?

Mr. PHILLIPS. Unbleached cotton sheathing, the cotton bagging as it is ordinarily called in the South.

Mr. GRIGGS. But you use the term cotton bags. Are they made out of cotton cloth?

Mr. PHILLIPS. Yes, sir; but we do not make jute bagging for covering cotton bales.

Mr. GRIGGS. But you could continue to make cotton bags, even if your burlap industry was put on the free list, and still make money?

Mr. PHILLIPS. I hope so.

Mr. GRIGGS. Your concern is making money now, is it not?

Mr. PHILLIPS. No, sir.

Mr. GRIGGS. I am sorry to see it.

Mr. PHILLIPS. However, we do usually make money, but we are not making any just now, because of the conditions, which are temporarily unfavorable.

Mr. GRIGGS. Have you not been able to buy cotton cheap enough?

Mr. PHILLIPS. I am not connected with the cotton interests. We have not been able to buy our burlap cheap enough. It has been a bad year, but we think it is only temporary.

Mr. GRIGGS. I hope so myself.

Mr. BOUTELL. To whom do you sell your bags—to what class of purchasers?

Mr. PHILLIPS. To the flour mills for flour and bran, to the fertilizer factories for fertilizer, to the grain men for their grain, to the wool men for wool, and to the glucose men for glucose, and to the sugar refiners for sugar bags, and to such a great variety of buyers that I could not begin to name them all.

Mr. BOUTELL. I understood Mr. Randell to refer to the price of bagging to the farmer, and there were some interrogatories about that. Do you sell directly to the farmers?

Mr. PHILLIPS. I think there is a good deal of direct buying by the farmers on the Pacific coast, more than there is east of the Rocky Mountains.

Mr. GRIGGS. He is the ultimate consumer.

Mr. BOUTELL. You do not sell to individual farmers—your factory?

Mr. PHILLIPS. Yes, sir. On the Pacific coast the farmers buy bags for their wheat.

Mr. BOUTELL. They come to the factory to buy bags?

Mr. PHILLIPS. Yes, sir.

Mr. BOUTELL. Then you do not sell to the jobbers or wholesalers?

Mr. PHILLIPS. We will sell to anybody who will buy.

Mr. BOUTELL. There must be a custom in the trade.

Mr. PHILLIPS. The custom in the trade is to sell to users of these bags, whoever they may be. As a rule it is not the farmer, although sometimes it is. On the Pacific coast, in the case of farmers buying bags for their wheat, it is the farmers. East of the Rocky Mountains I think there would be very few farmers buying bags directly.

Mr. BOUTELL. Take the farmers in Texas and in my own State of Illinois. From whom do the farmers of Texas and Illinois buy their bags, out on the rural districts?

Mr. PHILLIPS. If they wanted any bags, they would be likely to buy them from ourselves.

Mr. BOUTELL. They get them directly from the factory?

Mr. PHILLIPS. Yes, sir; directly from the factory.

Mr. BOUTELL. Will you give or mail, if necessary, to the committee the average price of bags in your factory from the fiscal year beginning July 1, 1894, to the fiscal year beginning July 1, 1897, inclusive, and from the fiscal year beginning July 1, 1904, to the fiscal year beginning July 1, 1907, inclusive?

Mr. PHILLIPS. From 1894 to 1897, price July 1?

Mr. BOUTELL. From July 1, 1894, to July 1, 1897, each year, the average price of your bags.

Mr. PHILLIPS. You mean a burlap bag?

Mr. BOUTELL. Let the price each year be for the same kind of a bag, the average price for each year of your standard bag, grain bag.

Mr. GRIGGS. Is that date the beginning of the grain crop?

Mr. BOUTELL. It is the beginning of the fiscal year, and that is a good date with which to compare other years. You spoke of certain bags that were being manufactured by prison labor.

Mr. PHILLIPS. Yes, sir.

Mr. BOUTELL. Can you tell the States in which the convicts are used for that labor?

Mr. PHILLIPS. Mr. Ames will answer that.

Mr. EVERETT AMES, of Portland, Oreg. Convicts are used for that labor in Walla Walla, Wash., and at San Quentin, Cal.

The CHAIRMAN. Have you concluded the statement yet?

Mr. PHILLIPS. Yes, sir.

Mr. FORDNEY. Mr. Phillips, did you not say that there were now contracted for delivery on the Pacific coast some 25,000,000 bags to be delivered from Calcutta within the next few months?

Mr. PHILLIPS. Yes, sir. They are to be shipped in February, March, and April.

Mr. FORDNEY. If the duty were reduced on the raw material and increased on that finished product would the American manufacturers get that trade?

Mr. PHILLIPS. If the changes we ask for are made, we would get a considerable part of it, but probably not all of it.

Mr. FORDNEY. How about the consumer? Would the price under these circumstances and conditions be increased to the consumer or lowered?

Mr. PHILLIPS. The price would be lowered to the consumer in comparison with to-day's price, because we have asked for a net reduction in rate on bags compared with the present rate.

Mr. FORDNEY. In considering all of the conditions as they are to-day, would the consumer be benefited?

Mr. PHILLIPS. The consumer would be benefited.

Mr. FORDNEY. And the American manufacturer would make the bags now imported from Calcutta?

Mr. PHILLIPS. Yes, sir. You have noticed that we have asked for a reduction in the rate of duty on burlaps more than on bags.

Mr. DALZELL. Thirty per cent, I understood you to say?

Mr. PHILLIPS. Yes, sir; and about 12 per cent reduction on the bags; 30 per cent on burlaps and 12 per cent on bags. The consumer would still get his bags cheaper. We would be able to make at least a part of these bags that now come in from Calcutta.

Mr. FORDNEY. Would that materially change the revenues to the Government?

Mr. PHILLIPS. There would be a reduction, we estimate, of about \$1,500,000 in the revenue.

Mr. RANDELL. That would be a present to the manufacturers of this country, or would it be taken over by the producer of the raw material?

Mr. PHILLIPS. No, sir. Nearly all of that reduction would go to the consumer who buys the bags.

Mr. RANDELL. I say either the revenue would be taken away from the Government and would be given to pass through the hands of the manufacturers or it would not come out of the revenue and would come off the farmer, the producer of the raw material, which the sacks are used to cover.

Mr. PHILLIPS. It would be taken out of the government revenue and would pass through the hands of the bag manufacturers to the consumer. The consumer would undoubtedly get it.

Mr. RANDELL. You think the bag manufacturer would not detain any of it in his own possession unduly? [Laughter.]

Mr. PHILLIPS. He would if he could, but he can not.

Mr. RANDELL. He would have a good opportunity if he had a combination or understanding with reference to prices, would he not?

Mr. PHILLIPS. There is too much competition for that. He can not do it. The meeting we held in New York a couple of weeks ago to prepare for coming down here was the first time the bag men have gotten together for many years.

Mr. RANDELL. But they have got together, and having got together, don't you think they would hold a good part of that?

Mr. PHILLIPS. No, sir.

Mr. RANDELL. Don't you think the nearer they get together the less they will cut prices and the more they will keep up the prices?

Mr. PHILLIPS. No, sir.

Mr. RANDELL. Was there ever before any better condition in which to have an understanding about fixing the prices than there has been recently?

Mr. PHILLIPS. I do not know about that.

Mr. RANDELL. You think it would be safe to let you have the money from the Treasury and pass it on to the farmer?

Mr. PHILLIPS. Yes.

Mr. RANDELL. Don't you think it would be better for the Government not to let you act as trustee, but to pass it on to the farmer direct? Candidly, don't you think it would be better not to let you have the trusteeship?

Mr. PHILLIPS. I think the consumer generally would be more willing to leave it in the hands of the bag men.

Mr. RANDELL. You think the farmers would be willing to leave it in the hands of the manufacturer in place of his getting it first?

Mr. PHILLIPS. I think the consumers of the United States would be glad to tell you that they would prefer to leave it in the hands of the burlap manufacturers.

Mr. RANDELL. And yet you say that the burlap manufacturers would swipe it if they could, but that competition will prevent it. Is not that irreconcilable with the other statement?

Mr. PHILLIPS. I think they would probably get part of it if they could, the same as any other good business men would keep a part of the profits if they can.

Mr. RANDELL. How is that?

Mr. PHILLIPS. All business men in manufacturing or commercial business will make a profit if they can.

Mr. RANDELL. Do you not believe it would be better, in the legislation contemplated, to give the farmer his rights direct, without leaving it to the honesty of the burlap-bag manufacturer, who would swipe it if he could? Don't you think so?

Mr. PHILLIPS. I think, so far as possible, yes.

Mr. RANDELL. I agree with you fully. That is all.

Mr. FORDNEY. The gentleman intimates that if this \$1,500,000 of revenue is lost to the Government the farmer must make it up to the Government on some other article. Now, if the farmer pays it anyway, would it not be much better for the farmer to get it back on those jute bags, if he did have to pay on some other line, than to let this money go to Calcutta, as it now goes?

Mr. RANDELL. I did not say that.

Mr. PHILLIPS. Yes, sir; I agree with you.

Mr. FORDNEY. The American wheat grower would get that much more market for his product.

Mr. RANDELL. The gentleman will pardon me. He has expressed his own idea, rather than mine. I do not think it necessary to rob the farmer at all. I do not think it necessary to rob him at all.

Mr. FORDNEY. I say if this \$1,500,000 duty was lost to the Government the farmer would have to make it up in some other way to the Government.

Mr. RANDELL. I say it would either go to the farmer in decreasing the amount, or else the manufacturer would hold it.

Mr. FORDNEY. If I misunderstood you, I beg your pardon. I did not mean to misquote you.

Mr. PHILLIPS. Mr. Chairman, we are very anxious to have the present compound of ad valorem and specific duty changed into a simple specific duty. The work is very much increased and there are great complications and expenses to us and to the Government in connection with the ad valorem duty on burlaps.

The CHAIRMAN. While the committee would be very glad to make a specific duty in any case where they can, they would want very good information always, so that in making the specific duty we

would not raise it above the equivalent ad valorem now on the goods; and if you propose any such schedule as that, I hope you will furnish us fully the facts on which it is based, so that we can judge whether it is going to raise the duty or not, and what effect it will have on the importations.

Mr. GRIGGS. Mr. Phillips, suppose our friends at the other end of the bench were determined to make it a specific duty. You understand we on this side have nothing to do with this thing except to examine witnesses. [Laughter.] Suppose they should determine that. Would it make burlaps any cheaper to the consumer?

Mr. PHILLIPS. No, sir. The kind of duty does not change the price.

Mr. GRIGGS. You say it is a lot of work and you want to get rid of the labor; and yet you want to protect the labor one moment and get rid of it the next moment.

Mr. PHILLIPS. It would save loss and simplify our doing business. The total expense, I suppose, is rather small, but—

Mr. GRIGGS. But it makes you work the farmer. It is not sufficient, however, to give anybody the benefit of it?

Mr. PHILLIPS. The annoyance of it is very great. It makes an expense to us that we can not get back from the consumer, paying more duty than we should when we purchase. When the price goes up we have to pay duty on the market value at the time of shipment, but when the price goes down we have to pay duty on the cost price; and if we buy and sell on future delivery without figuring on paying any extra duty, because we do not know whether there is going to be any, then the market goes up and we have to pay extra duty, and that turns the transaction into a loss instead of a profit. We can not get that extra duty back from our customer, and we lose that ourselves. It is one of the incidents to an ad valorem duty.

Mr. GRIGGS. It would resolve us right there into an arbitration board between you and your customers, in order to save you trouble and loss and annoyance. Is that right?

Mr. PHILLIPS. No, sir.

Mr. GRIGGS. To speak seriously, now, you said a few moments ago that the great consumers of burlaps in the United States were perfectly willing to leave in your hands the matter of profit or loss to them if this duty were changed. Am I correct in that statement?

Mr. PHILLIPS. Yes, sir. I will make that statement.

Mr. GRIGGS. Yes. Now, who are the great consumers?

Mr. PHILLIPS. We have got one of them back here. We have got a gentleman sitting back here who is one of the largest, if not the largest, single consumer of burlaps in this country.

Mr. GRIGGS. What does he put in the bags?

Mr. PHILLIPS. He happens not to be a bag man. He makes roofing. He takes a piece of burlap 30 inches wide and covers it with asphalt and make a roofing. He is such a large consumer of burlaps that, although I am very well acquainted with the trade, I can not think of a single concern that equals it.

Mr. GRIGGS. How many houses does he cover with it? You say he is the greatest consumer?

Mr. PHILLIPS. He makes roofing out of it, and sells the roofing.

Mr. GRIGGS. Then the man who buys the roofing is the consumer, is he not?

Mr. RANDELL. He is the ultimate consumer.

The CHAIRMAN. Use the word "ultimate," and protect yourselves. [Laughter.]

Mr. GRIGGS. Yes. With regards to my friend Mr. Boutell, of Illinois, the ultimate consumer is the man who builds the house, and you take the word of the gentleman who sells him the burlaps with which to cover the house that he is perfectly satisfied to leave the question of profit and loss in your hands?

Mr. PHILLIPS. The man who buys the roofing does not know anything about the burlap. [Laughter.]

Mr. GRIGGS. Of course we have to represent those fellows, and you folks have got people here who are not only statisticians, but experts, and when we ask you a question that carries the matter a little further toward the ultimate consumer, you say, "There is another gentleman standing here who stands closer to the ultimate consumer than I," and I am asking you the question now. Is it not true that the ultimate consumer is the man who finally has to pay this difference?

Mr. PHILLIPS. Yes; that is true.

Mr. GRIGGS. And you never have heard from him, whether he is satisfied or not?

Mr. PHILLIPS. No, sir.

Mr. COCKRAN. He does not quite know how he is hurt?

Mr. PHILLIPS. No.

Mr. LONGWORTH. How much did you say were the importations of burlaps for bags?

Mr. PHILLIPS. About 75 or 80 per cent.

Mr. LONGWORTH. What else is it used for?

Mr. PHILLIPS. For wrapping bales of cotton goods, wrapping all kinds of materials that are put up in bales. All the cotton mills buy burlaps to cover their bales, and not only cotton mills, but a lot of other different kinds of mills. It is used by the packers very largely for packing meats. It is used by nursery men for wrapping trees, and it is used in every case where a cheap, coarse, strong cloth is needed, and where cheapness is more of a factor than quality. The essential thing about burlaps is that they are cheap. There is a very large use of them, because they are the cheapest thing that can be bought for wrapping packages.

Mr. GRIGGS. Therefore they are a good thing to tax? [Laughter.]

The CHAIRMAN. Is there anything further?

Mr. GRIGGS. He has not answered my question yet.

The CHAIRMAN. I understood you were satisfied.

Mr. GRIGGS. I am satisfied if he will not answer.

Mr. PHILLIPS. I should say that is not a good reason for taxing burlap. There are two reasons: First, the Government needs the revenue, and, second, although there is no manufacture of burlaps in this country that is worth mentioning, being less than 1½ per cent of the consumption, there is a manufacture in this country of jute bagging for cotton bales. It is a coarse, heavy stuff, quite different from burlaps, and ordinarily they do not come in competition with each other; but if burlaps were put on the free list there is a probability that some kind of burlaps might come into competition with the jute bagging.

Mr. GRIGGS. You do not want that to happen?

Mr. PHILLIPS. We are protectionists and we do not want to interfere with our friends who make the cotton bags.

Mr. GRIGGS. You want to take care of yourselves or your friends, and manufacture all that is needed to go around the cotton. Why should you not be equally solicitous about your friends who go out and make the cotton? That is your friendliness—you want to tax him but not the other?

Mr. PHILLIPS. You refer to the southern cotton planter—the planter of the South?

Mr. GRIGGS. Yes; of course.

Mr. PHILLIPS. Is not the high price that cotton brings and has been bringing sufficient to enable him to get his profit?

Mr. GRIGGS. It is not paying the cost of production to-day. I know, because I have had the sorrow to take some of my salary and pay some of my debts with it this year.

Mr. PHILLIPS. I suppose different planters have different costs of production.

Mr. GRIGGS. It is pretty nearly the same. We have the same standard of labor and the same methods, substantially. Now, you do not want to come into competition with your jute brethren who cover the cotton, but you do want to come into competition and tax the poor devil who makes it? Is that right?

Mr. PHILLIPS. We leave that for the committee to decide.

Mr. GRIGGS. All right. Now, is it not true that you get your rake off on the grain men?

Mr. PHILLIPS. I think it is true that we give the grain men excellent service by giving them a good article at a minimum price.

Mr. GRIGGS. I will change the words “rake off” to “profit,” a more dignified word. You get your profit out of the grain men?

Mr. PHILLIPS. Partly; yes, sir; they are consumers.

Mr. GRIGGS. And therefore you do not desire to interfere with your friends, who get their profit—as my friend Mr. Clark would say, a “rake-off,” but I will not call it that—off the cotton men, the cotton producers, because the Lord knows we are in the hands of a lot of thieves all the world over—buyers and manufacturers and everything else. I am not referring to you. [Laughter.]

Mr. PHILLIPS. Thank you. [Laughter.]

Mr. GRIGGS. Is that right? I did not mean that thief part. I leave that out. I mean you get your profit off the grain men, and you do not want to bother the men who get their profit off the cotton men. Is not that correct?

Mr. PHILLIPS. No, sir; it is not correct.

Mr. GRIGGS. Why don't you want to interfere with your jute-bagging brethren?

Mr. PHILLIPS. We do not interfere with our jute-bagging brethren because we are believers in the general policy of protection.

Mr. GRIGGS. To whom?

Mr. PHILLIPS. To any industry that can be properly built up in this country; and if our Government makes a mistake in giving protection to an industry that ought not to be built up in this country, yet, once established, we believe that the protection should be continued. I am expressing my own personal opinion now.

Mr. GRIGGS. I thought everything you said was your own personal opinion. You have not expressed anybody's opinion but your own

this morning, have you? If you have, I would like you to go back and tell where you have stated somebody else's and get a correct exposition of your own opinion.

Mr. PHILLIPS. The request for changes of rate are made by the bag manufacturers, who have answered to some of the questions asked, but some were not asked at the meeting, and I can not speak for them.

Mr. GRIGGS. Wherever you speak voluntarily you are speaking for yourself, and wherever you speak involuntarily you are speaking for yourself, too? Is that right?

Mr. PHILLIPS. To some extent.

Mr. GRIGGS. That is square. Now, I want to know, as your own personal opinion, without regard to the bag manufacturers' or anybody else's opinion, if you do not believe it is a good idea that you should hold the profit on the grain growers and let the jute-bagging manufacturers hold the profit on the cotton growers?

Mr. PHILLIPS. I do not understand what you mean by the words "hold the profit."

Mr. GRIGGS. Well, get the profit. You understand that?

Mr. PHILLIPS. You mean it is a good idea for us to attend to our own business and give good service and get the profit on it?

Mr. GRIGGS. It is this: It is a good idea for you to work this side of the street, while they work that side of the street. [Laughter.]

Mr. PHILLIPS. I suppose that is another way of saying it is a good idea for every man to attend to his own business?

Mr. GRIGGS. No. You know what I mean. You have been a very intelligent witness, and you have told a lot of truths here, and you are not willing to tell anything else, so that when I ask you for a direct answer, where the answer would apparently hurt you, you avoid it. That is right, because you are not sworn, as a witness in court is, to tell the whole truth.

Mr. PHILLIPS. I understand what you want me to say.

Mr. GRIGGS. I do not care what you say.

The CHAIRMAN. If that is so, we had better not waste time.

Mr. GRIGGS. I want an answer, but I do not care what he says. I want him to say something. He can say "yes" or "no."

The CHAIRMAN. If you [addressing the witness] can answer that question, answer it.

Mr. PHILLIPS. I can not answer it "yes" or "no." What is the question, once more?

The CHAIRMAN. I understand he says he can not answer you.

Mr. GRIGGS. The witness asks me to put the question once more, and, with the chairman's gracious permission, I will do so. [Laughter.]

The CHAIRMAN. If you think you can put it again, go on. [Laughter.]

Mr. GRIGGS. All right. As I understand your testimony here this morning, your idea is this: You do not want to interfere with your jute brethren in the profits they are making off the cotton grower. Is not that true, that you prefer and it is your idea that it is better for you and your jute-bagging brother both that he get his profits from the cotton grower and you from the grain grower, and not interfere with one another? Is not that true, yes or no?

Mr. PHILLIPS. No, sir. As you have stated it, it is not correct.

Mr. DALZELL. Let us go along to something that is relative to the question.

The CHAIRMAN. I hope the gentleman will keep on and find out what the farmer does with the bag; whether he burns it up, or sells it, or what, and then it would be pertinent to inquire, perhaps, how many votes the farmer has. That might throw light on the question. [Laughter.]

Mr. GRIGGS. I think the gentleman has taken an interest in that, too, during his life.

The CHAIRMAN. I sometimes think it is of more consequence than certain other things.

Mr. GRIGGS. You say 75 per cent of your business is in jute bags for grain purposes?

Mr. PHILLIPS. No, sir; that was not the statement. The statement was that 75 per cent of the burlaps that come to this country are manufactured into jute bags and sold.

Mr. GRIGGS. They are for the purpose of carrying goods to the ultimate consumer, are they not?

Mr. PHILLIPS. Sometimes; to carry them anywhere.

Mr. GRIGGS. Does not the ultimate consumer get those bags?

Mr. PHILLIPS. Somebody gets them.

Mr. GRIGGS. The man who uses what is in the bags finally pays for the bags, does he not?

Mr. PHILLIPS. We do not know that. He probably does. The man who gets the stuff in the bags probably pays directly or indirectly the cost of the bag.

Mr. GRIGGS. Exactly. It does not matter which way he pays it. Now, then, you get your largest revenue from the grain grower, don't you?

Mr. PHILLIPS. No, sir; I can not say that.

Mr. GRIGGS. From the corn and wheat and oats growers?

Mr. PHILLIPS. If you include the flour mills and all the different kinds of grain, that would probably be true; yes.

Mr. GRIGGS. Now, then, you do—I do not want to use that language again, but it is necessary—now you do work that side of the street, don't you? That is where your business is?

Mr. PHILLIPS. That is where our business is; yes.

Mr. GRIGGS. All right. Then your jute-bagging brother does not interfere with the grain grower or the flour mill, but he makes his profit, if he makes any—and, of course, I do not insist that any of you manufacturers are making a living [laughter]—

Mr. PHILLIPS. We do make a living.

Mr. GRIGGS. I am glad to hear that. You are one of the few who admit it. The jute brother makes his profit, if he makes any, from the cotton grower, does he not?

Mr. PHILLIPS. We do not know who he makes it from or whether he makes any or not. His product goes ultimately to the cotton grower.

Mr. GRIGGS. Yes; that is where it goes?

Mr. PHILLIPS. Yes.

Mr. GRIGGS. Then he works that side of the street?

Mr. PHILLIPS. That is the business he attends to.

Mr. GRIGGS. I mean that is his province. He works that side of the street?

Mr. PHILLIPS. That is his business.

Mr. GRIGGS. And he works that side and you work the other of the street, and therefore you do not want to have competition?

Mr. PHILLIPS. He has his own trade and affairs to attend to and have our own affairs and trade to attend to.

Mr. GRIGGS. That is all. I am through.

Mr. CALDERHEAD. You do not know which side of the street cotton grower works, do you? [Laughter.]

Mr. PHILLIPS. No, sir; I am not much acquainted with cotton.

**STATEMENT OF MR. EVERETT AMES, REPRESENTING THE AM
HARRIS, NEVILLE COMPANY, OF PORTLAND, OREG.**

The CHAIRMAN. What is your residence, Mr. Ames?

Mr. AMES. My residence is in Portland, Oreg. We also have factory at San Francisco.

The CHAIRMAN. Proceed.

Mr. AMES. I feel, Mr. Chairman and gentlemen, that this subject has been somewhat long drawn out, and I only desire to direct the attention of the committee to the differential that we suggest between the burlap and the bags. This differential is very important to the entire United States, but it applies with particular importance to the Pacific coast, because of the unusual conditions existing in that locality. The grain crop of the Middle West is handled in bulk through elevators. The grain crop of the West beyond the Rocky Mountains is handled in sacks, because it is impossible there to handle grain in bulk. Therefore there are millions of bags known as the "Calcutta grain bags" made in India and imported only from Calcutta and used on the Pacific coast.

This business represents to the bag manufacturers the largest volume of business in their territory, and yet it is a business that they can compete for only to a very limited extent against the imported bag. Under the McKinley bill the differential between the burlap and the bags was three-eighths of a cent a pound. There was a very slight protection at that time, and a few grain bags were manufactured on the Pacific coast. The Wilson bill, which followed, offered no protection at all to the manufacturers, and therefore no bags of that kind were manufactured to any extent on the Pacific coast. Under the Dingley bill we have a quarter of a cent a pound protection on the specific duty, and the ad valorem duty is the same, but on account of the slightly increased value of the Calcutta bag the protection we have to-day would be equivalent to three-tenths of a cent per pound if reduced to the specific basis. We have asked that this differential be increased to half a cent a pound—that is, that the duty on the burlap out of which the bags are made be assessed at 1 cent per pound and the duty on the bags be placed at $1\frac{1}{2}$ cents per pound. That is a little more than the rate under the McKinley tariff.

In the first place, it is a well-known fact that the cost of labor in the last seven or eight years has increased from 15 to 20 per cent on the Pacific coast, and the second reason is that since the passage of the McKinley bill they have introduced in Calcutta machinery for manufacturing those bags which were formerly made by hand labor. The protection we ask would not prohibit the importation of the Calcutta bag, although it would extend to the manufacturers on the

Pacific coast a little larger amount of protection. I would say that as to this particular bag alone, known as the "Calcutta bag," there are between forty and fifty million of these bags used annually on the Pacific coast, and I feel fully warranted in saying that not more than from 5 to 7 per cent of the bags used in that part of the country are manufactured by the local bag manufacturers on the Pacific coast.

This is a question to which we have given considerable deliberation, and we feel from the results of our investigation that we are fairly warranted in asking that this differential be decreased to one-half cent a pound. More figures could be given, but I feel that they have been fully given in the statement already placed on file here.

Mr. LONGWORTH. What effect would it have on the revenue?

Mr. AMES. It would tend to reduce the revenue on the burlap and bags probably to the extent of \$1,500,000. The revenue in 1907 was practically \$5,000,000, in round numbers.

Mr. UNDERWOOD. Do you agree with what the former witness stated, that the amount of burlap manufactured in this country equaled about 85 per cent of the consumption?

Mr. AMES. I only speak for the Pacific coast, because I have no acquaintance with the other territory.

Mr. UNDERWOOD. If what he said is correct, that the manufacture in America amounts to 85 per cent of the entire home consumption, do you think you are entitled to a further protection? Does not that show that the American industry is fully protected already?

Mr. AMES. This is the reason: East of the Rocky Mountains there is a large demand for burlap bags of large sizes and widths, not running into any great volume of any one kind, and for that reason, possibly, an even slighter differential might operate as a protection to the eastern bag manufacturer, because the Calcutta people are not prepared to meet that kind of competition; but the question of freight to interior points, and the difficulty of handling the small volume of business of any one kind, denies it to the Calcutta markets.

Mr. UNDERWOOD. Then you think that because there happen to be some burlap-bag manufacturers in this country ill-advisedly located, so far as the trade is concerned, that we ought to put what is practically a prohibitive duty upon the entire industry, giving the American manufacturer absolute control, who to-day has 85 per cent of the home market, and without any revenue to the United States?

Mr. AMES. But I do not consider the duty prohibitive.

Mr. UNDERWOOD. What do you call prohibitive?

Mr. AMES. One cent per pound difference between the burlap and the bags would be a prohibitive duty.

Mr. UNDERWOOD. How much do you want the home manufacturer to have before you call it a prohibitive duty?

Mr. AMES. I think if the home manufacturer had one-half cent per pound protection it would not be an unreasonable protection.

Mr. UNDERWOOD. The gentleman who preceded you stated that the home manufacturer had 85 per cent of the business.

Mr. AMES. That proportion may be true of the home manufacturer east of the Rocky Mountains, but it is not the case west of the Rocky Mountains.

Mr. UNDERWOOD. But following out that theory, you do not expect us to put a duty on lemons so that they may be raised in Maine instead of in California, do you?

Mr. AMES. But if a higher duty will improve the conditions the West as well as improve them in the East, I think then that have the right to ask for it.

Mr. Pou. Would the increased duty that you ask for make the price of the finished product higher or lower?

Mr. AMES. Taking the duty as it exists now under the Ding law, then the tariff that we suggest would decrease the price to the consumer somewhere from 12 to 15 per cent.

Mr. Pou. Do you mean to say that you would sell from 12 to per cent less than you sell now?

Mr. AMES. Yes.

Mr. GRIGGS. By increasing the duty?

Mr. AMES. By decreasing the duty. The present duty on the Calcutta bag is 15 per cent ad valorem, or seven-eighths of a cent pound.

Mr. AMES. I want it decreased to $1\frac{1}{2}$ cents per pound, which is practically 12 to 15 per cent, and that would decrease the price of the bag the same amount.

Mr. GRIGGS. Suppose you put it on the free list?

Mr. AMES. Then we could not manufacture. We could not manufacture under the Wilson bill; under that bill we did not manufacture any of these bags.

Mr. GRIGGS. Do you mean that if you had raw material free that you could not manufacture bags?

Mr. AMES. Not this particular bag. We did not manufacture one of them under the Wilson bill. Mr. Phillips has made one suggestion that I want to correct. The change in the duty we suggest would decrease the duty 12 per cent, not the price of the bag 12 per cent.

Mr. GRIGGS. Of course, I understand that.

Mr. Pou. Do you mean to correct that statement?

Mr. AMES. Yes, sir.

Mr. GRIGGS. Mr. Phillips did not say anything like that.

Mr. Pou. You say now that there would be a decrease to what we call the ultimate consumer from 12 to 15 per cent?

Mr. AMES. The decrease in the amount of duty would be from 12 to 15 per cent. The present duty is equivalent to about 25 per cent ad valorem, and with the proportion that I have indicated it would make the reduction to the consumer 3 or 4 per cent.

Mr. Pou. Would the farmer get his bags cheaper?

Mr. AMES. Slightly, but only slightly; between 3 and 4 per cent, under the recommendation that we have proposed.

Mr. Pou. You are sure that the manufacturer would not keep the 3 or 4 per cent in his pocket, are you?

Mr. AMES. We could not. Our price is fixed in competition with the Calcutta bag, and the differential that we suggest would barely permit us to manufacture. It would not permit us to get anything like a good profit, and at certain times not even a fair profit.

Mr. GRIGGS. Why do you not want your raw material on the free list?

Mr. AMES. If the raw material was on the free list, and the differential on the bags was made sufficient, we could still manufacture.

Mr. NEEDHAM. What proportion of the bags on the Pacific coast is prison made?

Mr. AMES. Well, there are between forty and fifty million bags used, depending upon the crop. The penitentiary at San Quentin makes in the neighborhood of 3,000,000 bags and the penitentiary at Walla Walla makes in the neighborhood of one and one-half million bags.

Mr. NEEDHAM. What effect would that have on the price?

Mr. AMES. The price has not been materially affected, and it would not be affected excepting in case of an increase of the crop when that has been sufficient to affect the price at the end of the season.

Mr. NEEDHAM. Have not prison-made goods been put on the market at a lower price than the manufacturer's price?

Mr. AMES. The prison-made goods at some times have been higher; for instance, last year they opened their price much higher than the ruling price, but the Walla Walla penitentiary lost heavily on their bags last year.

Mr. NEEDHAM. What per cent of the market is supplied by the prison labor?

Mr. AMES. I figure that possibly 10 per cent is supplied by prison bags. Five to 7½ per cent is supplied by bags of local manufacture. You understand that the prison brings in the raw jute and weaves its own burlap. It does not bring in the burlap.

Mr. BOUTELL. Who fixes the price of convict-made bags?

Mr. AMES. The price is fixed by the board of directors at San Quentin, and at the Walla Walla penitentiary the price is fixed by a board known as the "board of control."

Mr. BOUTELL. Is there ever any attempt made to undersell the regular manufacturers of these goods?

Mr. AMES. They disregard the market entirely. In San Francisco, in California, they are only allowed to sell to actual consumers in lots of 5,000 each, wherever the bags go. In the State of Washington the bags are allotted to the several counties in the State, and only consumers who make affidavit that they are actual users of the bags are allowed to take them up to the 1st of July. In that State, after the 1st of July, anybody can buy bags from the penitentiary; but we can not meet the competition of these bags. We simply pay no attention to their prices.

Mr. BOUTELL. Does such a system prevail anywhere else excepting in these two States?

Mr. AMES. The Pacific coast is the only section in the United States that uses prison-made grain bags made of jute.

Mr. CLARK. Who furnishes the grain bags in the Mississippi Valley?

Mr. AMES. I do not feel competent to speak on that; I do not know of my own knowledge.

Mr. CLARK. Do you furnish any of them?

Mr. AMES. No; we do not furnish any. We confine our trade principally to Washington, Idaho, Oregon, California, and Nevada.

Mr. CLARK. I understood you to say awhile ago that if we cut down the tariff there would be a saving of 12½ per cent to the consumer.

Mr. AMES. But I corrected that statement. I said that it would amount to a reduction of duty to about 12 to 15 per cent, and a saving to the consumer of 3 to 4 per cent.

Mr. CLARK. What would become of the other portion that is saved?

Mr. AMES. That is only the saving on the duty. The duty bears a certain relation to the total value of the goods. The duty, roughly speaking, is to-day 25 per cent of the total value, and 1 cent of 25 per cent is 3 per cent in round numbers. I am asking the differential be increased. We ask that the duty be assessed cents a pound specific on the bags and a duty of 1 cent per pound specific on the burlap.

Mr. CLARK. That is on raw material?

Mr. AMES. That is our raw material.

Mr. LONGWORTH. And that is a reduction of how much?

Mr. AMES. Substantially 30 per cent on the present market on the burlap.

Mr. LONGWORTH. And the reduction on the manufactured article to how much?

Mr. AMES. Between 12 and 15 per cent.

Mr. GAINES. Will you explain to me how it is that a reduction of 15 per cent on the duty of the manufactured article amounts to 4 per cent to the consumer? I do not quite catch that.

Mr. AMES. Because the duty under the present tariff is only 25 per cent of the total value of the article; and then 12 per cent of 25 per cent would bring it, in round numbers, to 3 per cent, would be the relation that it would bear in the value of the article including other elements entering into the cost.

Mr. GAINES. Whom do you sell the manufactured article to?

Mr. AMES. To dealers in grain, to the various grain warehouses in the country, and for the last two or three years to the various farmers' organizations that have been formed throughout the west. We have made sales direct to those organizations.

Mr. GAINES. Do you not sell to the jobbers?

Mr. AMES. Yes; we sell to jobbers, though, in speaking of the article we hardly sell, strictly speaking, to the jobber. We sell to the mills and grain warehouses, who in turn sell to the consumer; the various organizations of farmers, farmers who form themselves into farmers' unions, and we sell sometimes to them direct.

Mr. CLARK. What you are really up to is to get a higher tariff on the finished product and a lower tariff on the raw material?

Mr. AMES. We are advocating the increase of the differential on burlaps and bags to one-half cent a pound.

Mr. CLARK. Well, that is the same thing; it doesn't make much difference whether you call it a differential or not.

Mr. AMES. We are advocating the lowering of the duty on the Calcutta bag.

Mr. GAINES. It is not a higher tariff, but it is a larger differential and a lower tariff.

Mr. CLARK. But that is exactly what it amounts to. This man in his confrères in business, under his proposition, will get more protection under that arrangement than now.

Mr. AMES. But we are not able to manufacture under the present protection.

Mr. CLARK. You are manufacturing, are you not?

Mr. AMES. To a limited extent only. The bag manufacturers on the Pacific coast are not doing more than 5 to 7 per cent of the business of any bag manufacturer in Calcutta.

Mr. CLARK. When did you begin to manufacture?

Mr. AMES. We have not been able to under the Dingley law to any great extent.

Mr. CLARK. And you were not under the Wilson law?

Mr. AMES. We did not even try to.

Mr. CLARK. When were you manufacturing?

Mr. AMES. To a limited extent, under the McKinley bill, when the Calcutta bag was made by hand and labor was not as high on the Pacific coast as it is to-day.

Mr. CLARK. Your free raw material proposition is simply another way of getting more tariff for the manufacturer. That is all there is to it one way or the other?

Mr. AMES. But we are not asking for free raw material.

Mr. CLARK. Suppose we gave you free raw material, could you cut down the price of bags to the consumer?

Mr. GRIGGS. He says he does not want it.

Mr. CLARK. I do not know whether he wants it or not, but suppose the committee of Congress thought, in their wisdom, that it was proper to put your raw material on the free list, could you cut your tariff down on the finished product more than you are proposing to do it here?

Mr. AMES. We could not manufacture the finished product unless there was a differential between the burlap and the bag.

Mr. CLARK. Well, which is your raw material?

Mr. AMES. The burlap is our raw material. We do not weave any jute. The cloth is our raw material.

Mr. CLARK. Suppose we put the cloth on the free list, then could you not afford to cut down the differential that you are getting?

Mr. AMES. We would have at least the same differential, because the same conditions would exist exactly.

Mr. Pou. Is your company a corporation?

Mr. AMES. Yes.

Mr. Pou. What is the capital stock of it?

Mr. AMES. Four hundred and thirty-one thousand dollars.

Mr. Pou. What dividends have you been paying?

Mr. AMES. We have not paid any dividends since the fire and earthquake in San Francisco.

Mr. Pou. Did the earthquake injure your business?

Mr. AMES. Our factories there were totally destroyed.

Mr. Pou. Prior to the earthquake what dividends were you paying?

Mr. AMES. We have paid dividends of 6 per cent, although sometimes we have earned more than that.

Mr. Pou. Up to the time of the earthquake you were paying annual dividends of 6 per cent, with an occasional increase over that?

Mr. AMES. Some years we were making a profit, and some years we were not, but we had always paid a dividend of 6 per cent up to the time of the earthquake in San Francisco.

Mr. Pou. Did any of your stock sell below par prior to the earthquake?

Mr. AMES. It is a close corporation, and no stock is on the market. It never has been sold excepting among its members.

Mr. GRIGGS. Is every stockholder on a salary?

Mr. AMES. Only those stockholders who are actively engaged in the business of the corporation.

Mr. GRIGGS. As I understand it, you want a differential bet the ordinary times and the earthquake times?

Mr. AMES. I want a differential to enable us to manufacture, w we have not been able to do. The earthquake has absolutely not to do with it.

Mr. GRIGGS. The earthquake seems to be the only thing that sto your dividends.

Mr. AMES. We are engaged in other lines besides burlap bags.

Mr. GRIGGS. Oh, I see; it is a side line.

Mr. AMES. No; it would be our principal line if we were aff adequate protection.

Mr. GRIGGS. Well, that would make a principal line of anythi

Mr. AMES. That may be true, if the volume is large enough.

Mr. GRIGGS. That is the logic of the situation.

Mr. Pou. Up to the time of the earthquake you were getting : very well indeed, and that was the cause of the disaster to your ness; is not that the fact?

Mr. AMES. Oh, yes; but at the same time these bags offere largest volume of business to the bag factory on the Pacific . We have the machinery, the equipment. There are six bag fac on the Pacific coast, with an investment of a million and a ha least and employing a large number of operators, which nu could be increased.

Mr. Pou. Six per cent is a pretty fair return on stock in a poration such as yours, is it not?

Mr. AMES. I do not think so, not when you consider the ha We are constantly dealing in a fluctuating market, and our ch for loss are great.

Mr. GRIGGS. Do you not think after all that it is the farmer deals in fluctuating markets?

Mr. AMES. The farmer is one of my principal customers indii

Mr. LONGWORTH. Do you make bags out of anything exceptir burlap cloth?

Mr. AMES. We make cotton bags.

Mr. LONGWORTH. I mean of jute.

Mr. AMES. Oh, no; we have nothing but the burlap—the fir article, the cloth.

Mr. CLARK. Have they ever found anything that is really a petitor to this kind of a bag that you make?

Mr. AMES. It is the cheapest bag that could be used for the pose; commercially it is the cheapest fabric that could be used.

STATEMENT OF MR. E. W. MENTE, BOARD OF TRADE BUILDING, NEW ORLEANS, LA.

Mr. MENTE. Mr. Chairman and gentlemen, I would like to a now upon the burlap and bag question, if it is proper to do so.

Mr. DALZELL. That is what we are talking on now.

Mr. MENTE. Burlap and bags.

The CHAIRMAN. That is what your name is down on the li Do you want to talk about them?

Mr. MENTE. It is immaterial to me. I may ask, whether on l and bags, or on bagging?

The CHAIRMAN. It is immaterial to the committee, if you will give us some information.

Mr. GRIGGS. Why not wait until we get to the jute-bag schedule?

The CHAIRMAN. He may proceed with what he has to say on burlap and bagging.

Mr. MENTE. I am a manufacturer of bags in New Orleans. The name of our firm is Mente & Co. We import the cloth from Calcutta, and a little of it from Dundee, Scotland. I am one of the 79 present of which Mr. Bemis told you, and Mr. Phillips, as to what rate of duty we would desire, and I indorse everything that Mr. Phillips had to say. So far as Mr. Ames goes, of course, I do not come in competition with them on the Pacific coast. I do not know so much about his part of the business, but we feel that under the present rates the bag manufacturer, as a manufacturer, has no protection at all. There is no protection in the proper sense of the word. There is a differential now of about a quarter of a cent a pound as against the cloth and the bags, which is no protection to the bag manufacturer.

Mr. CLARK. How much does one of these bags weigh?

Mr. MENTE. About half a pound. There are grain bags of all kinds—the wheat bag, the oat bag, the corn bag; one holds 2 bushels, one 3 bushels, one 5 bushels, and one 6 bushels.

Mr. CLARK. How much does the 1-bushel bag weigh?

Mr. MENTE. I do not know of any 1-bushel bags, but the 2-bushel bag weighs about three-quarters of a pound.

Mr. CLARK. And a 1-bushel bag would weigh half of that?

Mr. MENTE. Not necessarily; it would all depend upon the weight of the cloth.

Mr. CLARK. I am talking about the same weight of cloth.

Mr. MENTE. We are not making a 1-bushel bag.

The CHAIRMAN. Did you ever see one?

Mr. MENTE. Yes.

Mr. BOUTELL. Are you familiar with the growth and production of the material out of which this cloth is made?

Mr. MENTE. Only that from India, where the raw material is raised.

Mr. BOUTELL. What is the raw material of which this cloth is made?

Mr. MENTE. Jute.

Mr. BOUTELL. And nothing else?

Mr. MENTE. No, sir.

Mr. BOUTELL. What is the Scotch cloth?

Mr. MENTE. Same thing. They import the jute from India.

Mr. BOUTELL. Has it ever been raised in this country?

Mr. MENTE. Not to my knowledge.

Mr. BOUTELL. Has any effort been made to outwit and get ahead of the Indians by raising the raw material here?

Mr. MENTE. Not in this country.

The CHAIRMAN. The Agricultural Department has made experiments.

Mr. CLARK. It is a kind of hemp, is it not?

Mr. MENTE. Yes, sir.

Mr. BOUTELL. I thought that we might quit buying this of the India people and raise it ourselves.

Mr. MENTE. It is all a matter of climate and soil, as I understand it.

Mr. GRIGGS. Have you not got the best climate and soil in Louisiana in the world?

Mr. MENTE. Why, yes; I dare say we have; they have the best soil, but I do not know about the climate. But they raise sugar, rice, and cotton down there.

Mr. GRIGGS. Can they not grow almost anything in Louisiana?

Mr. MENTE. I think so; yes, sir.

Mr. DALZELL. Can they grow jute?

Mr. MENTE. I dare say they could.

Mr. CLARK. Has anybody ever made a systematic attempt to raise jute in Louisiana or on the Gulf coast?

Mr. MENTE. Not to my knowledge.

Mr. CLARK. Why do they not try it? It is a tropical plant, is it not?

Mr. MENTE. Oh, yes; but it looks like too cheap a proposition, unless Congress shall be kind enough to give us a duty on the raw materials of a cent a pound or something of that sort.

Mr. CLARK. That is it; you can not do anything without a tariff.

Mr. MENTE. Oh, yes we can; lots of it.

Mr. GRIGGS. They grow cotton without it.

Mr. MENTE. I beg pardon; I think that the cotton industry is fairly well protected, as I take it.

Now, when it comes to the argument that has been made here about the farmer paying the price of the bags, for instance, I take issue with the gentleman. Who pays for the bags in the end? I dare say that it is the paper manufacturer. The flour mill buys the bag from the bag manufacturer and fills it with flour. He sells the flour to the baker. I come along and buy it from the baker, paying 20 per cent more than what the new bag cost. I sell to the feed man, and that man sells it to the farmer, perhaps, and in the end it is sold to the paper manufacturer, and he gets it very, very cheap.

Mr. GRIGGS. Then you are the philanthropist who stands between the farmer and the other thieves?

Mr. MENTE. I think so.

The CHAIRMAN. As long as our people insist upon living in houses and keeping themselves warm, and eating something besides rice, and as long as they insist upon wearing proper clothing, they can not compete with the people of India, can they?

Mr. MENTE. They can not, so far as I know; not in that particular line.

The CHAIRMAN. Without protection by a tariff?

Mr. MENTE. And then the farmer of Louisiana gets a very high rate of duty on sugar, and their rate of duty on rice protects that industry. But the trifling pittance that he pays on bags is not worth anything.

Mr. CLARK. You don't know. The rice producers have been here—

Mr. MENTE. And I will say also for them that they have to compete against the same labor that we do, that of India.

The CHAIRMAN. The southern farmer demands protection on rice and sugar, and some of them are here to-day asking for a protective tariff on cotton.

Mr. MENTE. I dare say the majority of the bags that we make and sell have nothing to do with that matter in our section, because they are bought by the rice millers.

Mr. GRIGGS. You said a while ago that the cotton farmer was adequately protected. You meant the cotton manufacturer, didn't you?

Mr. MENTE. Indirectly. It comes back to the planter; he gets the benefit of it just the same as you might say indirectly he has to pay the duty on bags.

Mr. GRIGGS. Does not the cotton raiser sell half of his crop abroad, and does he not sell it in a free-trade market, and when he buys the goods back he has to buy them in a protective-tariff market?

Mr. MENTE. Well, neither Belgium, France, nor Germany is a free-trade market.

Mr. GRIGGS. Free trade so far as cotton is concerned, are they not? They have no tariff on importations of cotton.

Mr. MENTE. They have on cotton manufactured, which is bound to react to the benefit of the farmer.

Mr. GRIGGS. But not on raw cotton?

Mr. MENTE. Not that I know of.

The CHAIRMAN. Are you trying to prove by him that raw cotton should be put on the free list?

Mr. GRIGGS. He said that the cotton grower was adequately protected.

Mr. MENTE. That is my opinion.

Now, we also import large quantities of second-hand bags from England, and the importation into this country amounts to between 15,000,000 and 20,000,000. They are second hand.

Mr. COCKRAN. Do you mean \$15,000,000 to \$20,000,000?

Mr. MENTE. Bags. They are second-hand bags which come to Europe with grain, either from the Pacific slope or from Argentina, and they go principally to England. England not being an agricultural country has no use for the bags, and this is practically the only market they have for that class of bags. Those bags to-day pay seven-eighths of a cent a pound and 15 per cent ad valorem, and we ask that changed from an ad valorem to a specific duty of $1\frac{1}{2}$ cents a pound on the bags. It would also cover second-hand bags.

Mr. GRIGGS. So as to prevent the reimportation of those bags?

Mr. MENTE. Not at all.

Mr. GRIGGS. What for?

Mr. MENTE. The duty of $1\frac{1}{2}$ cents a pound for which we ask is about the same as seven-eighths of a cent a pound and 15 per cent ad valorem. In other words, under the present tariff the duty to-day would be \$12 a thousand, while under the $1\frac{1}{2}$ -cents-per-pound tariff it would perhaps be \$12.25 or \$12.50. While it is a very slight raise in duty, whatever the duty is, I hold that it falls on the foreign exporters, on the foreign seller, and not on the American buyer or consumer, because this country is the only market he has for that class of goods.

Mr. UNDERWOOD. We had a distinguished gentleman here the other day from Pittsburg, who informed us that he thought the consumer paid the tax. You have gone back to the old doctrine that the foreigner pays the tax.

Mr. MENTE. In this particular instance I claim so.

Mr. GRIGGS. Only on bags?

Mr. MENTE. Only on second-hand bags. So far as new bags are concerned I think you will admit that I have to pay just as much as the farmer does.

Mr. GRIGGS. But the trouble is that there are more of the farmers than there are of you.

Mr. MENTE. I beg pardon, but—

Mr. GRIGGS. What I mean is, there are more farmers than men engaged in your business.

Mr. MENTE. In my business, yes; but taking the manufacturers of all kinds, and the working men that they employ, I think that they consume more on the average than the farmers.

Mr. GRIGGS. The farmer does not consume any more because he can not. He consumes every cent's worth that he can.

Mr. MENTE. Well, the farmer is lucky in this way—that he does not put on so much style as the other fellows do.

Mr. GRIGGS. He can only afford to buy a \$60 buggy to ride in on Sunday, and if he is doing that he is doing well.

Mr. MENTE. Well, I notice that some of them have automobiles down in your country and down in mine.

Mr. COCKRAN. I understand that the basis of your contention is that labor is more expensive in this country than in England and that you have to compete with the product of Indian labor?

Mr. MENTE. Yes, sir.

Mr. COCKRAN. Do you think that labor is more expensive in this country than in India, judging by what each labor produces?

Mr. MENTE. Yes, sir.

Mr. COCKRAN. Do you base that upon information or just apprehension as to what might happen to you individually?

Mr. MENTE. Upon my own line of business. In my business, the girl who sews, for instance, 2,000 bags a day on a sewing machine run by power, will earn from \$1.25 to \$1.75 per day, according to her skill, and she will make 2,000 bags a day; while the Indian man who makes these bags will average in wages, as I understand it, not more than 20 cents.

Mr. COCKRAN. How much would they produce?

Mr. MENTE. Nearly as much, because they all practically use machines, too. They may not produce quite as much, but I dare say they produce 60 per cent.

Mr. COCKRAN. But you could "dare say" anything. What do you say from knowledge; what do you really know about it?

Mr. MENTE. I never was in Calcutta, so I do not know from knowledge.

Mr. COCKRAN. Exactly; and what you say as to the relative production of the Indian laborer and the American laborer is also said absolutely without knowledge, is it not?

Mr. MENTE. Excepting what I have learned from the United States consul at Calcutta.

Mr. COCKRAN. Do you claim to speak on the authority of a consular report, and if so, which report?

Mr. MENTE. Both upon what I hear and upon what I have read. Of course, it is not of my own knowledge. I do not know, because I have not been there.

Mr. COCKRAN. That is it; you do not really know anything about it.

Mr. MENTE. I have not been a manufacturer over there, and if I had, of course I would have the knowledge.

Mr. COCKRAN. We have had a gentleman here who has had factories both in India and in this country, and who was producing commodities in both, and he testified that the Indian labor was actually more expensive than the American labor. You would be surprised to hear that, would you not?

Mr. MENTE. I don't know. I dare say that there are lines of business in which that would occur.

Mr. COCKRAN. But as a matter of fact you do not know anything about what you are talking about. You simply say to us that that is your impression. You can not give us actual information to which we could turn for the purpose of verifying what you state? When you speak of the value of labor, or the rate of wages per day, that is only one element, and that does not determine which is the most expensive labor until you find out what each class produces. If you paid a man 5 cents a day for the manufacture of a given product, and another man 10 cents per day, the man to whom you pay 5 cents per day might prove to be the most expensive labor. That, of course, is very clear to you?

Mr. MENTE. That is very true. My knowledge, of course, is based upon what I have been told by manufacturers from Calcutta who have visited my city.

Mr. COCKRAN. Have you discussed with them the cost of labor in this particular industry in Calcutta and the cost of labor in America and the relative productive capacity?

Mr. MENTE. Yes, sir.

Mr. COCKRAN. Give us the name of one man in Calcutta who has talked with you, and what he has told you.

Mr. MENTE. Mr. Grossman, of Calcutta.

Mr. COCKRAN. Did he investigate the subject?

Mr. MENTE. He did. He was in New Orleans for several days, perhaps a week, and we discussed the matter frequently.

Mr. COCKRAN. Did he visit the factories in this country?

Mr. MENTE. He has none in this country.

Mr. COCKRAN. Then how would he have any better information than you?

Mr. MENTE. He was a manufacturer in Calcutta and I a manufacturer in this country, and we compared notes.

Mr. COCKRAN. What did you find to be the relative capacity of each laborer after you had compared notes?

Mr. MENTE. It is over 50 per cent in our line. From our discussion I take it to be about 60 per cent, as against our 100 per cent of production here.

Mr. COCKRAN. You think that the labor over there produces about 60 per cent of what is produced here?

Mr. MENTE. In making bags with sewing machines.

Mr. COCKRAN. And your information is based entirely upon what Mr. Grossman told you?

Mr. MENTE. Yes, sir.

Mr. COCKRAN. Where is Mr. Grossman now?

Mr. MENTE. He is in Calcutta, India, so far as I know.

The CHAIRMAN. I would like to refer my colleague to a discussion of this question by Mr. Charles E. Pierce, who went to Calcutta, spent some months there, and reported the result of his investigations. He was a practical manufacturer of burlap, and has written a very interesting discussion, which we use when we are seeking information.

Mr. CLARK. Who did you say finally consumed these bags?

Mr. MENTE. I say the paper manufacturer, if you want to call him the consumer—

Mr. CLARK. But I understood you to say in your voluntary statement that the farmers did not pay a red cent for these bags, that somebody else paid it. That is true, isn't it?

Mr. MENTE. No; that is not what I said.

Mr. CLARK. Did you not say, in answer to one of the questions asked you by a gentleman here, that these grain bags did not cost the farmer anything, and that they should be charged up against somebody else?

Mr. MENTE. That is my statement.

Mr. CLARK. Did you know that when a farmer hauls his wheat to an elevator, or wherever he takes it, that the elevator man takes off the weight of these bags?

Mr. MENTE. The man who hauls his wheat to the elevator, as a rule, so far as I remember it as a country boy, dumps the grain out in the elevator and takes the bags home again.

Mr. CLARK. He finally consumes those bags?

Mr. MENTE. As a bag.

Mr. CLARK. Why did you say he didn't?

Mr. MENTE. If you wish to call it a bag after it has been torn.

Mr. CLARK. It does not make any difference what you call it after it is worn out, but you stated a while ago, absolutely, that it did not cost the farmer anything, and that he shoved the cost of that sack on somebody else. As a matter of fact, he did not do anything of the sort. He takes it there, as you say, that wheat is dumped in there, and the weight of the sack is subtracted from the weight of the whole bag, the farmer takes his bag back with him; and then ultimately it is worn out, and at his expense.

Now, what you want is an increase in tariff, is it not?

Mr. MENTE. We want an increase so far as we call our raw material and our manufactured material of one-half a cent a pound where we have a quarter of a cent now, and which does not protect us at all.

Mr. CLARK. You are in the business?

Mr. MENTE. Yes, sir.

Mr. CLARK. You have been in the business how long?

Mr. MENTE. Twenty-two years.

Mr. CLARK. You have made money all the time?

Mr. MENTE. Part of the time.

Mr. CLARK. Did you make money in 1907?

Mr. MENTE. I dare say.

Mr. CLARK. How much did you make?

Mr. MENTE. That I could not tell you.

Mr. CLARK. What per cent of profit did you make?

Mr. MENTE. On bags, for instance?

Mr. CLARK. Yes, bags for instance?

Mr. MENTE. The gross profit on bags on a flat basis would be about 5 per cent, and we figure, perhaps, about $2\frac{1}{2}$ or 3 per cent—

Mr. CLARK. I am not talking about the individual bag, but what per cent did you make on the money invested? That is a plain, simple question, and if you can answer it please do so, and if you can not say so.

Mr. MENTE. I can not answer; no.

Mr. CLARK. All right, we will find somebody that will.

Mr. GRIGGS. Are you opposed to free jute?

Mr. MENTE. No, sir.

Mr. GRIGGS. Are you in favor of it?

Mr. MENTE. Yes, sir.

Mr. GRIGGS. I believe you wanted to talk further about jute bagging?

Mr. MENTE. Yes; I have something to say on jute bagging if the committee is through with its questions.

The CHAIRMAN. You may go ahead.

Mr. MENTE. On jute bagging I wish to say that we are importers of second-hand bags which come in pieces. This bagging is principally bagging that falls off the American cotton bale, and from jute bagging which goes from various countries to Europe, and for which Europe does not seem to have much use. I wish to ask this committee to kindly put this special material under a specific paragraph. Under the present Dingley tariff it is classified as "waste," and ever since the tariff has been in existence there has been a good deal of trouble with the Treasury Department to arrive at a proper classification of the material. At last it came before the courts, and the United States district court in Louisiana decided it should come under the classification of "waste," and jute waste pays 10 per cent ad valorem. What we would like is a specific paragraph reading, "Old bagging and cloth of every description made of jute, 10 per cent ad valorem." In other words, we do not ask to have the duty changed, only we wish it to be properly classified under a specific paragraph in order to avoid trouble. This bagging is used the same as cotton bagging, and it is principally used by the cotton exporters to repack or recover bales which have been damaged.

Mr. GRIGGS. In other words, more is used for patching than any other purpose. Are you the only importer of that in this country?

Mr. MENTE. No, sir; I dare say there are a dozen of them, or more.

Mr. GRIGGS. You do not sell any in south Georgia, do you?

Mr. MENTE. I think we do.

Mr. GRIGGS. What do you want a tariff on that at all for?

Mr. MENTE. I do not care a cent whether there is a tariff or not.

Mr. GRIGGS. Then, why do you want another change?

Mr. MENTE. Because there is a tariff on it now, and I want it to remain so.

Mr. GRIGGS. But you do not want it called what it really is, waste?

Mr. MENTE. That is the reason.

Mr. GRIGGS. But it is waste?

Mr. MENTE. Yes, sir; but I want to say that it does not come out of the farmer's pocket this time.

Mr. GRIGGS. I thought it was reduced this year from a quarter to five-eighths of a cent a pound simply because it was wrapped in that waste, and you want to change the name to fool the farmer?

Mr. MENTE. I beg pardon.

Mr. GRIGGS. Why do you not want it called waste?

Mr. MENTE. Because the farmer does not buy it at all. I never sold a pound to a farmer. I have only sold it to exporters. It is used, as a rule, by foreign houses in Germany, England, France, and Belgium for packing a bale as it comes from the compress.

Mr. GRIGGS. The compress man in my town this year used some of it inadvertently, and the whole bale had to be patched.

Mr. MENTE. You made money by that, did you not?

Mr. GRIGGS. He might have made money; I don't know.

Mr. MENTE. He weighed in the patch with the cotton?

Mr. GRIGGS. But the tare comes off.

Mr. MENTE. That is the original tare of the bag man, not the patching.

Mr. GRIGGS. At 9 cents a pound that is \$2.25. Your bagging sells at about $5\frac{1}{2}$ or 6 cents a yard?

Mr. MENTE. Not this bagging. This bagging sells at $3\frac{3}{4}$ to 4 cents a pound.

Mr. GRIGGS. When it goes to the retailer?

Mr. MENTE. There is no retailer.

Mr. GRIGGS. I bought mine from a retailer.

Mr. MENTE. You might buy it from a rag house or a junk man, of course.

Mr. GRIGGS. I did not. I bought it from a dealer in cotton bagging.

Mr. MENTE. New or secondhand?

Mr. GRIGGS. Secondhand, that which you are talking about now, waste, and it was the greatest waste that I ever saw in my life.

Mr. MENTE. I am very much surprised to hear you say that, because I thought you would have been a beneficiary at that price.

Mr. GRIGGS. I thought so too when I bought it. It cost me about half as much as the bagging at first hand would have cost. Of course I lost my 25-pound tare—we all lose that—and it seemed to weigh enough to nearly make up for that, but I had to repack some of it and put the bagging on it.

Mr. MENTE. It must have been very poor waste.

Mr. GRIGGS. It was, as all of it is.

Mr. MENTE. I beg pardon; no.

Mr. DALZELL. Waste bagging—jute bagging—has been ruled by the court to be dutiable in certain cases and not dutiable in others; for instance, waste bagging of jute not to be entitled to enter free of duty, as being fit only to be converted into paper, because it is shown to be shipped for other purposes, while on the other hand it was held that waste bagging of jute found to be worth only about half as much as bagging fit only for paper stock is held to be free of duty. How would one paragraph, which you propose to put in the bill, cover what you are after?

Mr. MENTE. I proceed upon the standpoint that there is now a paragraph which protects paper stock, and there is a paragraph which covers new bagging, and all cotton bagging, and I want to stand between the two. In other words, some pieces that could not be used for anything else would naturally be paper stock, because it can not be used for any other purpose, but larger pieces, 2 or 3 yards long, can be used for other purposes.

Mr. DALZELL. I would suggest that you draw a paragraph such as you want put in the bill, and leave it.

Mr. MENTE. I will do so.

The CHAIRMAN. The next name is Mr. Oscar Elsas.

Mr. ELSAS. Mr. Elsas has nothing to add to what has already been said.

The CHAIRMAN. I will then call the name of Mr. C. Lee McMillan. (Mr. Mente filed with the committee the following brief:)

HON. SERENO E. PAYNE,

*Chairman of the Committee on Ways and Means,
House of Representatives, Washington, D. C.*

SIR: We are engaged in the importation of pieces of old bagging and cloth made of jute, which has been heretofore classified for duty under the provisions of paragraph 463 of the tariff act of July 24, 1897, for "waste, not specially provided for in this act, 10 per centum ad valorem," but there has been a great deal of uncertainty with regard to the proper classification of these articles during the past ten years and with a view of making more certain the duty which is to be paid hereafter under the provisions of the new tariff on the goods in question, we ask that a specific provision for such goods may be added to the schedule providing for manufactures of jute, and we suggest that the following language may be employed for that purpose, namely: "Old bagging and cloth of every description, made of jute, 10 per centum ad valorem."

We bring this matter to your attention with the object of having the duty on the goods in question so clearly determined in the new tariff act that merchants who deal in such goods may make contracts and do business generally in them with no uncertainty as to the duty which will be exacted on them. Your committee is no doubt well aware that if the rates of duty applicable to imported merchandise can be definitely determined, business interests will frequently adjust themselves in accordance with such rates, but the main difficulty with which merchants have to contend in these questions of duty is the uncertainty as to the duty which they may be required to pay on their importations.

We submit to you that inasmuch as the special provision for which we ask is only desired to make more certain the assessment of duty which has heretofore been exacted on these goods, there can be no objection to this new provision on the part of any domestic interests, because the existing situation, in so far as they are concerned, will not be in any way changed when the new tariff becomes operative.

We may add for the information of your committee that the duty provided in paragraph 344 of the tariff act of 1897 for cotton bagging, gunny cloth, and similar fabrics, suitable for covering cotton, of six-tenths of 1 cent per square yard is equivalent to an ad valorem duty of about 10 per cent, so that the duty which we desire to have fixed without question on the goods which we have brought to your attention is practically the same as that for the goods in paragraph 344 and our goods are largely used for the same purpose as those mentioned in paragraph 344.

Very respectfully,

MENTE & Co.,
New Orleans, La.

STATEMENT OF MR. C. LEE McMILLAN, OF NEW ORLEANS, LA.

Mr. McMILLAN. I have been sent here by the New Orleans Cotton Exchange to ask this committee to place upon the free list jute bagging used for the covering of cotton. We think that it is entitled to be so placed. At present the duty paid amounts to a very small matter to the Government; and the farmer of the South, we consider, is entitled to have the privilege of wrapping his cotton free, just the same as the farmer of the West gets his binder twine free. For fourteen years binder twine has remained upon the free list, and during those fourteen years there has been this tax on cotton bagging. The tax on cotton bagging is six-tenths of a cent, as you will see there, per square yard, amounting to nearly three-quarters per running yard of 44 inches, and amounting to 4½ cents per bale on every bale of cotton grown in America. Some 14,000,000 bales will probably be produced this year.

Through the courtesy of the chairman I was informed on Friday that I might at the same time address you gentlemen in connection with cotton ties, which occupy the same position to the cotton planter as does jute bagging. Cotton ties for the past few years have not been imported at all, the duty being prohibitive. You will find that the duty is half a cent per pound, 22½ cents per bundle, amounting to 4½ cents on each bale produced in this country. We think that on cotton ties the same thing applies as to the farmer who raises wheat or anything else where binder twine is used, and that he is entitled to get his cotton ties free.

The steel mills of this country, I think, are amply able to compete with the foreigner. I have been in the rolling mills in England, and they do not compare with any of ours in this country. The improved machinery here will enable the American to still have a very fair share of the business, and perhaps only the ports like New Orleans, Savannah, or Galveston will amount to anything on the importing.

Mr. BOUTELL. Would free bagging and free cotton ties enable the purchasers of raw cotton to get it any cheaper?

Mr. McMILLAN. To the extent of the duty, sir.

Mr. BOUTELL. And would this cheapening of cotton pass on to the final consumer?

Mr. McMILLAN. I think so.

Mr. BOUTELL. So far as that which is made in this country is concerned?

Mr. McMILLAN. Yes, sir.

Mr. BOUTELL. Are you familiar at all with the organization and workings of the Farmers' Union of the Southwestern States?

Mr. McMILLAN. Only so far as I have seen by the papers. I received a letter from Mr. Barrett, the president of the Farmers' Union, representing some 2,000,000 people, who said he would be here—I do not know the gentleman—to present their case and ask that these articles be placed upon the free list.

Mr. BOUTELL. How many members are there of this union?

Mr. McMILLAN. I have been told that there are 2,000,000.

Mr. BOUTELL. Are these cotton farmers members?

Mr. McMILLAN. I understood so.

Mr. BOUTELL. What is their plan of operation?

Mr. McMILLAN. Their plan of operation is to produce cotton as cheaply as possible, I suppose, and get as much as they can for it, like any other farmer.

Mr. BOUTELL. I take my information from a weekly paper published in Dallas called the Farmers' Union Watchword—or Password—it has changed its name several times. I understand that the plan is to take in only cotton farmers, for the purpose of erecting a chain of steel warehouses in which to assemble and store their cotton and hold it for a uniform maximum price.

Mr. McMILLAN. That may be their object.

Mr. BOUTELL. Do you know whether it is or not?

Mr. McMILLAN. I do not; I am not a member.

The CHAIRMAN. In your opinion, would that increase the cost?

Mr. BOUTELL. That would be for the members of it to say, I think.

Mr. CLARK. It has been testified here several times that because the sawmills of the country number 28,000 that it would be utterly impossible to form a trust among them. Would not that argument be still stronger that these men could never realize their dream, no matter how much they might try it?

Mr. McMILLAN. I do not think it is possible for them to form a trust.

Mr. GRIGGS. Have not the farmers tried it a great many times, and have not they failed every time so far as the organization of a trust is concerned?

Mr. McMILLAN. There is absolutely no chance.

Mr. POW. If they could organize a trust to get an advance in their profits, do you think they would be getting anything more than a square deal, and haven't they gotten it in the neck for at least twenty-five years?

Mr. McMILLAN. I don't think they have ever gotten a square deal.

Mr. GAINES. How much did you say the cost was increased in a bale of cotton by the tariff on jute bags and ties?

Mr. McMILLAN. Nine and one-quarter cents per bale.

Mr. GAINES. What is the average price of a bale of cotton?

Mr. McMILLAN. Fifty dollars.

Mr. GAINES. That would be 9½ cents in \$50—

Mr. McMILLAN. That is the average price. The present price of cotton is about \$40.

Mr. GAINES. The average price is about \$50?

Mr. McMILLAN. Yes, sir.

Mr. GAINES. The farmer sells to the cotton broker, does he not?

Mr. McMILLAN. The farmer hauls it in and it is ginned at a public gin. The man who puts it through the gin charges the farmer for the bagging and ties that go in that bale. The farmer then has the privilege of selling the cotton to whom he pleases.

Mr. GAINES. So that the increase is about, as you understand it, 9½ cents in a \$50 bale of cotton?

Mr. McMILLAN. Yes, sir.

Mr. DALZELL. Are you an importer of cotton bagging?

Mr. McMILLAN. I have been importing it for a good while.

Mr. DALZELL. Recently?

Mr. McMILLAN. Yes, sir.

Mr. DALZELL. Have you some cotton bagging now in bond?

Mr. McMILLAN. I have.

Mr. DALZELL. About how much?

Mr. McMILLAN. I suppose 400,000 yards.

Mr. UNDERWOOD. Do you say there are no cotton ties imported into this country at all now?

Mr. McMILLAN. Not now.

Mr. UNDERWOOD. The present duty is a prohibitive duty?

Mr. McMILLAN. Absolutely.

Mr. UNDERWOOD. It produces no revenue for the Government?

Mr. McMILLAN. None whatever.

Mr. UNDERWOOD. Where is the principal place that cotton ties are manufactured in this country to-day?

Mr. McMILLAN. By the Carnegie Steel Company at various plants.

Mr. UNDERWOOD. Where are they located?

Mr. McMILLAN. At Pittsburg, Youngstown, Pomeroy—there is one plant in Atlanta, but not a very large one.

Mr. UNDERWOOD. Practically all of the cotton ties outside of the Atlanta plant are manufactured by one company, are they not?

Mr. McMILLAN. Yes. They fix the price for the Atlanta people to sell at.

Mr. UNDERWOOD. The Atlanta plant is a very small producer of cotton ties?

Mr. McMILLAN. Quite.

Mr. UNDERWOOD. Very much less than 1 per cent?

Mr. McMILLAN. I do not think it counts for very much. I do not know the percentage.

Mr. UNDERWOOD. So that the present tariff on cotton ties is a prohibitive tax and leaves one concern in the United States to fix the market at such price as they see fit?

Mr. McMILLAN. They have been so doing.

Mr. UNDERWOOD. Do you know the cost of production of cotton ties abroad?

Mr. McMILLAN. I haven't had a quotation recently. The price is usually the difference between the American price and the duty. Before the market opens in the spring of each year the American manufacturer finds out from abroad the price at which we can import at Savannah, New Orleans, or Galveston. He then fixes a schedule at a small price less than it would cost us to import, making it impossible to handle ties at a profit, and charging the planter perhaps about 20 cents per bundle more than he would have to pay if ties were upon the free list.

Mr. UNDERWOOD. Then you think that if the duty was reduced to a revenue basis on cotton ties that it would improve the condition of the ultimate consumer?

Mr. McMILLAN. I think if they were put on the free list that it would improve it that much more.

Mr. UNDERWOOD. Of course.

Mr. McMILLAN. That it would reduce the cost to the cotton farmer to the extent that was saved in the duty. Some years ago we imported quite a large number of cotton ties, and the business grew a little bit too much, perhaps—it looked as though it might—and the Carnegie Steel Company put a price upon them so that no one could import at a profit. They employed as distributing agents for all of their cotton ties the people who control the bagging business of this country—I mean the cotton bagging for covering bales of cotton—

paying them quite handsomely, I am told, and they acting as selling agents. The prices were fixed—

Mr. UNDERWOOD. You mean jute bagging for covering bales of cotton?

Mr. McMILLAN. The people who handle the jute bagging, who manufacture it. There is a firm by the name of Warren, Jones & Gratz who act as selling agents for the jute trust and the steel combine in Pittsburg.

Mr. GRIGGS. Mr. McMillan, there are only two concerns who really manufacture them.

Mr. McMILLAN. Of any moment.

Mr. GRIGGS. And that is the Ludlow Manufacturing Association and the American Manufacturing Company.

Mr. McMILLAN. Yes; they have it pretty much their own way.

Mr. UNDERWOOD. Is the duty on jute bagging prohibitive?

Mr. McMILLAN. Not entirely. Some years, when the American Manufacturing Company puts the price at a pretty high figure to the farmer, it permits a small amount of bagging to be imported. During 1907 the price was put up very high to the farmer, costing about 15 cents per yard, as Mr. Griggs perhaps knows, and then the importations increased, amounting to perhaps as much as 15,000,000 yards. You have it before you. This year they opened the market at a very much lower price, and therefore the purchases of foreign bagging have been very much smaller.

The CHAIRMAN. I find that there was imported 20,000,000 yards.

Mr. McMILLAN. Yes; a bag weighs about 2 pounds per yard, and that would be 10,000,000 yards imported.

Mr. UNDERWOOD. Then there was 20,000,000 yards imported in that one year. What is the total consumption in this country for baling cotton?

Mr. McMILLAN. It requires about 80,000,000 yards to cover this crop.

Mr. UNDERWOOD. Eighty per cent made in this country and 20 per cent imported. And that 80 per cent that was manufactured in America is manufactured by two firms?

Mr. McMILLAN. With the exception of a very small mill at Peru, Ind., which makes a limited quantity.

Mr. UNDERWOOD. But the two firms manufacture the bulk of the goods in this country and fix a uniform price?

Mr. McMILLAN. They do.

Mr. UNDERWOOD. Under the present duty the consumer of jute bagging practically has to face a monopoly?

Mr. McMILLAN. He does.

Mr. UNDERWOOD. And there is no chance for foreign competition to regulate the price at all?

Mr. McMILLAN. Very slight.

The CHAIRMAN. In the year of 1903 the price of the imported article was 3.3 cents per pound. In 1907 it was 6.1 cents a pound, or almost double—that is, the foreign price was almost double. Was the price of jute doubled also?

Mr. McMILLAN. No; the price of jute, according to my recollection, was not doubled, but was higher.

The CHAIRMAN. What was the occasion for the doubling of the price abroad?

Mr. McMILLAN. It was somewhat higher, but I do not think as much higher as that. Jute was higher in 1907 than in 1903, but not that much.

The CHAIRMAN. The report shows that it was 3.3 cents a yard in 1903 and 6.1 cents in 1907.

Mr. McMILLAN. Mr. Chairman, permit me to say that the jute quotations which you find there apply to a different class of goods. Cotton bagging is made from jute butts, a very low grade of jute. It is sold at a very much lower price, and the fluctuation is not so great.

The CHAIRMAN. This is "bagging for cotton, gunny cloth, and similar fabrics suitable for covering cotton"—that is cotton bagging, is it not?

Mr. McMILLAN. Yes; but none of the raw material ever sold for 5 cents per pound.

The CHAIRMAN. I am not talking about the raw material, but about the bagging itself. I then asked you if there were similar advances in the raw material, and you said no.

Mr. McMILLAN. I do not think the advance was as great in the raw material as it was in the manufactured article.

Mr. GRIGGS. I want to settle one matter that I think you understand very thoroughly. An intimation was made here this morning that the farmer resells his sacks. What tare is taken off for bagging and ties at the factory?

Mr. McMILLAN. Six per cent is the allowance calculated upon; 30 pounds for each 500-pound bale of cotton.

Mr. GRIGGS. At 9 cents a pound that would be how much?

Mr. McMILLAN. That would be \$2.70.

Mr. GRIGGS. That the farmer loses in the price of cotton, because it is taken off the price of cotton. I don't believe it is deducted absolutely, but that is taken into consideration in fixing the price of cotton.

Mr. McMILLAN. In other words he doesn't sell bagging and ties at the price of cotton, but it is deducted in the final account.

Mr. GRIGGS. And it amounts to \$2.70.

Mr. McMILLAN. Yes, sir.

Mr. GRIGGS. At 9 cents a pound—because that is about the ruling price of bagging for the last few years—how many pounds does it take to cover a bale of cotton?

Mr. McMILLAN. Six and one-half is about the average.

Mr. GRIGGS. How much is that?

Mr. McMILLAN. About 60 cents.

Mr. GRIGGS. What is the cost of the ties to the farmer who has to buy them?

Mr. McMILLAN. About 20 cents.

Mr. GRIGGS. The two cost him 80 cents, and he loses for them \$2.70?

Mr. McMILLAN. Well, I do not follow you exactly that way.

Mr. GRIGGS. In the shape of tare?

Mr. McMILLAN. He gets for his cotton a net price, and what he pays for his bagging he gets no return on at all.

Mr. GRIGGS. He really loses?

Mr. McMILLAN. There is no account taken of that.

Mr. GRIGGS. That is, he loses the tare?

Mr. McMILLAN. Yes.

Mr. GRIGGS. And the tare is \$2.70?

Mr. McMILLAN. Well, he would have to lose the bagging, then, at the price of cotton, to start with, to lose that.

Mr. GRIGGS. I understand that, and he does that, does he not? He loses on the packing because that weight is deducted.

Mr. McMILLAN. He would not be entitled to the price on the gross weight.

Mr. GRIGGS. Two dollars and seventy cents are deducted from the gross.

Mr. McMILLAN. That is correct.

The CHAIRMAN. When he sells cotton, the whole package is sold. It nets so much to him per pound on the gross weight?

Mr. McMILLAN. Yes, sir.

The CHAIRMAN. He gets a rebate?

Mr. McMILLAN. No; he does not get any rebate.

The CHAIRMAN. The merchant gets the rebate and takes that amount. How much is that?

Mr. McMILLAN. In buying cotton he will figure the tare as 60 cents, and that is deducted from the value.

The CHAIRMAN. That is the weight of the tie and the bagging?

Mr. McMILLAN. A bale of cotton will average about 500 pounds. There are 26 pounds of bagging and ties in a bale.

The CHAIRMAN. And the bale weighs 500 pounds on the average?

Mr. McMILLAN. Yes, sir.

The CHAIRMAN. Do you remember what the production of cotton was since 1903?

Mr. McMILLAN. I do not remember the crops by years.

The CHAIRMAN. Do you remember the comparative production in 1903 and 1907?

Mr. GRIGGS. Last year they had a large crop.

Mr. McMILLAN. I think so; about 13,400,000 bales, as I remember, from memory.

The CHAIRMAN. In 1907 the crop was not large?

Mr. McMILLAN. It was 11,600,000 bales.

The CHAIRMAN. That is your recollection?

Mr. McMILLAN. Yes, sir.

The CHAIRMAN. Has not the average price of cotton for the past twelve years been pretty large?

Mr. McMILLAN. It has.

The CHAIRMAN. And the farmers have reaped their returns?

Mr. McMILLAN. I do not know as to the production.

The CHAIRMAN. Has not the average farmer made a fair profit for the last twelve years, excepting last year?

Mr. McMILLAN. He has gotten larger prices than he did for some years previous, but he has stated that his cost of production is more.

The CHAIRMAN. Prices for more than ten years preceding this last have been higher?

Mr. McMILLAN. I said it had been more.

The CHAIRMAN. How much was it? How much more?

Mr. McMILLAN. I do not know.

The CHAIRMAN. Double?

Mr. McMILLAN. Nothing like that.

The CHAIRMAN. Fifty per cent more?

Mr. McMILLAN. I should think not.

The CHAIRMAN. Give us the figures, then.

Mr. McMILLAN. I would be glad to do so. We have it at the Orleans Cotton Exchange. We have the range of prices for several years, and I can furnish that if you would like to have it.

The CHAIRMAN. Please furnish it to us, then, for twenty years back.

Mr. McMILLAN. I can do so, because we have the records and will take pleasure in sending that to you.

Mr. DALZELL. Do I understand you to say that no cotton has been imported for some years?

Mr. McMILLAN. I know that no cotton has been imported for years. You have the record on that.

Mr. DALZELL. I asked you what you stated about it. I want to know.

Mr. McMILLAN. I will be pleased to give you any information from the figures of the Cotton Exchange. Prior to that time we imported some and others imported some.

Mr. DALZELL. That was only during the last two years?

Mr. McMILLAN. So far as I know, no importations have come during the past two years.

Mr. POT. I believe you stated that there were only two corporations in the United States manufacturing cotton ties.

Mr. McMILLAN. No. There are a number of mills engaged in it but their property is controlled by the United States Steel Corporation, under the Carnegie steel management.

Mr. POT. The price of cotton ties is practically set by that corporation, is it not?

Mr. McMILLAN. It is.

Mr. POT. So that in fixing the prices which they have quoted there are a little under the price abroad, plus the duty?

Mr. McMILLAN. That is right.

Mr. POT. For what are ties selling this year?

Mr. McMILLAN. In the neighborhood of 95 cents per bundle.

Mr. POT. You have been importing ties at a profit?

Mr. McMILLAN. I have.

Mr. POT. If ties were put upon the free list, at what price could they be sold to the farmer?

Mr. McMILLAN. They could be sold for 20 cents per bundle when they are not on the dutiable list.

Mr. POT. Then the only restriction that is put upon the steel ties in putting up the prices is the danger of importation from abroad?

Mr. McMILLAN. That is all.

Mr. BOUTELL. Do you know whether efforts have been made in any of the Gulf States to attempt to cultivate jute?

Mr. McMILLAN. I do not think it would pay the southern farmer to attempt to produce any fiber such as jute, which is manufactured for bagging covers. It sells as low as three-fourths of a cent, a cent on the docks in New York. No southern farmer would attempt to compete with that raw material at that price.

Mr. BOUTELL. It is cultivated in India.

Mr. McMILLAN. Jute is cultivated in India, and it grows just like a willow and is raised in what they call seepage water. Its cultivation consists in taking off the bark. It is the bark that makes the fiber. In that country it requires practically no cultivation. We

is put upon it and it grows and is cut down in this water. When the bark is cut off it is dried, and then it goes to the manufacturers.

Mr. BOUTELL. Our Agricultural Department has demonstrated that jute can be successfully grown in parts of the South, and it has often occurred to me that the enormous amount of land lying along the Gulf States would, perhaps, be capable of its cultivation. I did not know whether or not it had ever been tried.

Mr. McMILLAN. It has been tried. It can not be made to pay.

Mr. BOUTELL. Not because it requires too much cultivation?

Mr. McMILLAN. It does not bring enough money. In the fiber it does not sell for more than a cent and is not worth handling. Our southern farmers can produce cotton at 9 cents a pound, and a man in the South could use his land to a great deal better advantage than in growing this inferior fiber.

Mr. BOUTELL. I did not know but what it would grow on lands that are not available for other agricultural purposes or for raising farm products.

Mr. McMILLAN. We grow rice upon lands of that character, and that crop is very much more profitable.

Mr. BOUTELL. So that we are practically limited to the Hindoo article as it is cultivated there?

Mr. McMILLAN. That is the large field for it. There is no trouble in getting all of the jute butts required from that country.

Mr. GRIGGS. There is very little labor connected with it?

Mr. McMILLAN. Very little.

Mr. RANDELL. Don't you think we had better let the Hindoos do that class of work?

Mr. McMILLAN. Decidedly. I would hate to see the day come when our farmers would be compelled to compete with them.

Mr. COCKRAN. In the matter of the cost of production, you are not afraid of any Indian, Hindoo, or Hottentot on the face of the earth?

Mr. McMILLAN. No, sir.

The CHAIRMAN. No cotton broker is?

Mr. COCKRAN. You are not a cotton broker?

Mr. McMILLAN. No, sir.

Mr. GRIGGS. What is your business?

Mr. McMILLAN. I am in the bagging and tie business; bagging and ties for the covering of cotton.

Mr. GRIGGS. You are not a cotton broker?

Mr. McMILLAN. No, sir; but we sometimes loan money to handle cotton.

Mr. GRIGGS. By his remark, the chairman suggested that no cotton broker would be afraid of that sort of competition. You want it on the free list?

Mr. McMILLAN. I do.

Mr. FORDNEY. You are like the gentleman who wanted the man to work the other side of the street.

The CHAIRMAN. You are not engaged in the sugar business in any way?

Mr. McMILLAN. No, sir; but I lend money to those who produce sugar.

The CHAIRMAN. Yes.

Mr. UNDERWOOD. You do not consider that the duty placed on r cotton was of any advantage to the southern farmer?

Mr. McMILLAN. I do not think it is any advantage to him at all

Mr. GRIGGS. How much of the cotton raised in this country do export?

Mr. McMILLAN. We export about one-half of it.

Mr. GRIGGS. The duty would not in any way protect the south farmer?

Mr. McMILLAN. I do not think that the southern farmer need duty on cotton. He can take care of himself.

Mr. GRIGGS. He sells in the world's market?

Mr. McMILLAN. He is a free trader.

Mr. FORDNEY. Would you feel safe in lending money to the su producer if the duty were to be taken off sugar?

Mr. McMILLAN. I would not.

Mr. COCKRAN. And you would not say that you think we ough make a man solvent by taxation?

Mr. McMILLAN. I would not.

(The following resolution was presented by Mr. McMillan:)

Extract from minutes of board of directors of New Orleans C'o. Exchange, meeting November 9, 1908.

Whereas the Ways and Means Committee of the House of Re sentatives will meet in the near future to hear argument in rela to tariff amendments; and

Whereas the present tariff on jute bagging used for baling co and on steel cotton ties amounts to 9 cents or more per bale; and

Whereas this tax is a direct burden on the cotton-raising industr the South for the benefit of a few manufacturers who are thus abled to thrive at the expense of the most important class of i culturists in this country: Therefore be it

Resolved, That the New Orleans Cotton Exchange earnestly u that all bagging and ties used in the baling of cotton be put or free list;

Resolved, That our Senators and Representatives in Congress Louisiana and those from the other cotton States be earnestly u to present this matter before the Committee on Ways and Mear any other congressional committee before which it may be consid in such light as will prove the justice of our request and the urg for all proper relief in the premises.

A true copy.

H. G. HESTER, *Secreta*

STATEMENT OF MR. C. H. McDOWELL, OF CHICAGO, ILL

Mr. Chairman and gentlemen of the committee, I represen National Fertilizers' Association, of which I am president. Th exported from India about 1,700,000 tons of raw jute. of whic United States takes about 110,000 tons, or over 6 per cent. Th exported about 450,000,000 square yards of burlap cloth, of whi United States takes 316,000,000. The bulk of the burlap goe the manufacture of bagging and for material which is used for ing purposes. Of this 316,000,000 square yards something

105,000,000 square yards are used in the manufacture of sacks for fertilizer and for bags for cotton-seed meal.

I have before me an extract from the United States custom-house books which says: "Jute cloth, not exceeding 60 inches in width, weighing not less than 6 ounces per square yard, and not exceeding 30 threads to the square inch, counting warp and filling, shall be, per pound, five-eighths of a cent and 15 per cent."

The above specifications cover the different grades of jute cloth used in the manufacture of burlap bags for the fertilizer, cotton-seed meal, rice, sugar, and other lines of trade. The Treasury Department records for the past twelve months show that under this section \$4,729,808.48 of revenue were received. The market value of this jute cloth was \$25,006,101.60. Hence for revenue purposes the cost of this commodity was increased 19 per cent.

There were 316,622,921 square yards of jute cloth imported to the United States during the past twelve months. Of this amount, 75,000,000 square yards were used in the manufacture of fertilizer sacks. About 25,000,000 square yards were used in the manufacture of bags for cotton-seed meal. Fully 5,000,000 square yards are used in the manufacture of bags for poultry and stock foods, exclusive of cotton-seed meal. Therefore the burden of tax on 105,000,000 square yards of jute cloth, or about \$1,600,000, falls on the farmer, planter, and stock raisers in the purchase of fertilizers and stock and poultry foods.

This means a direct tax of approximately 15 cents a ton for every ton of bagged fertilizer and stock food sold. This item of expense the manufacturer is compelled to count in computing costs and fixing the selling price of his commodity.

This imported burlap constitutes 98 per cent of the material used for fertilizer packages.

The high prices of other suitable material for bagging are prohibitive.

The census of 1905 shows there are only 16 establishments in the United States manufacturing jute products. However, these establishments are engaged principally in making twine, rope, gunny bagging, carpets, rugs, etc.

The amount of burlap suitable for fertilizer bags made in these 16 establishments would not amount to more than one-thirtieth of the total value of their output.

This duty, then, is one for revenue, and not to be considered a strictly protective duty.

The question is whether or not a tax of 19 per cent is out of proportion to the tax on other exclusively foreign-made finished materials.

Five-eighths of a cent per pound plus 15 per cent ad valorem is equivalent to 1.46 cents per pound. The consumers of burlap would be heavily taxed if they were asked to pay 10 per cent duty.

A specific rate of three-fourths cent per pound instead of the present compound rate would give the Government (on basis last year's importation) \$2,430,000.

The jute industry was established in India. People there have known the art of weaving this material for centuries. According to the International Encyclopedia jute can be grown in most climates and on all kinds of soil, but rich alluvial lands and lands subject to

salt-water influence particularly favor its production. However, the raising of jute has never been extensively carried on excepting in India.

Besides the large amount of jute products consumed in India, their exports amount to 15,000,000 hundredweight of raw jute and between 400,000,000 and 500,000,000 square yards of jute cloth, or burlap. Over 150,000 people are engaged in this industry in India. Most of the India exports of jute go to Dundee, Scotland, although last year about 110,000 tons of raw jute were exported to the United States. This raw jute exported to the United States, however, was used principally in the manufacture of twine, rope, gunny bagging for cotton, carpets, and rugs, and only a very small part used in the manufacture of burlap suitable for fertilizer, roofing, cotton-seed meal, poultry food, or similar products.

Mr. UNDERWOOD. Suppose we put burlap cloth and jute on the free list, would it injure the industry in this country?

Mr. McDOWELL. I can see no reason why it should be an injury to the industry in this country by putting burlap on the free list; none whatever, because none of it is produced here.

Mr. UNDERWOOD. It would bring a direct benefit, would it not?

Mr. McDOWELL. In my judgment it would cheapen the cost to the farmer and to the manufacturer of fertilizer and in the marketing of the grain products of the country.

Mr. UNDERWOOD. Do you know anything about jute?

Mr. McDOWELL. Very little. It is cultivated in India and has been for centuries. The raw jute grows on the seashore, and for many years it was manufactured in the city of Dundee, in Scotland. Later the Scotch manufacturers of raw material went to Calcutta, and the bulk of it now comes from Calcutta rather than from Dundee.

Mr. UNDERWOOD. If jute and burlap were both put on the free list, would not that tend to the manufacture of those articles in this country?

Mr. McDOWELL. I can not say that it would.

Mr. UNDERWOOD. But it would greatly reduce the cost to the farmer?

Mr. McDOWELL. I should say, broadly, that it would. The total duty collected on it is \$4,725,000, and there were \$25,000,000 worth of it imported, so that if you eliminate that part of it that is used for roofing the bulk of it will be used by the farmer.

Mr. UNDERWOOD. You take the position that those materials which are used for fertilizer, twine, etc., are not necessary for the agricultural interests and should be put on the free list?

Mr. McDOWELL. Yes, sir; I think so.

Mr. FORDNEY. How about grain bags? Ought they to be put on the free list?

Mr. McDOWELL. I do not know anything about finished grain bags nor how much is brought into this country, but it seems to me that the burlap which is made into bags—or rather I should say that I can not see why the burlap cloth, not the bags, would be interfered with in any way by making it at a less price.

Mr. FORDNEY. If you put it on the free list and therefore abolish the duty which the Government receives and which it needs, where would you recommend that the Government would collect its revenue?

Mr. McDOWELL. I am not here for the purpose of arguing that question.

Mr. FORDNEY. The Government needs a certain amount of revenue. If it does not raise it from these articles, from whence is it to come?

Mr. McDOWELL. There is no question but what the Government needs revenue, I should think. If it is consistent with the state of the Treasury, I would like to have the committee recommend the elimination or the reduction of this duty. It would not interfere with the revenue very much.

Mr. FORDNEY. The Government is running behind now in its revenue, and if it needs this revenue, which it will lose if the duty be taken off, where would you recommend that a further revenue be placed?

Mr. McDOWELL. I can not say.

Mr. POU. Don't you think it would be wiser to reduce the duties on those articles where the duty is now practically prohibitory and which produce more revenue, and which we could do without, and put it on something on which the duty is of more importance to the producer?

Mr. McDOWELL. I would not venture an opinion upon that point. I make my statement and stick to the question, which is that it is important to the farmer, who is the producer of the crops, because he is hard pressed and he needs close margins on everything which he has to buy. In anything which pertains to the initial cost the Government should consider him, and I say, therefore, that, if it is consistent with the state of the Treasury, we would like to have an elimination, or at least a modification, of this duty, and if it is not eliminated now it could be eliminated as the years go by. There are eight or ten fertilizer mills—

Mr. FORDNEY. The average agricultural duty is highly protective?

Mr. McDOWELL. Yes, sir.

Mr. FORDNEY. Then you are here recommending that the farmer be continually protected and that the articles that he does not produce be put on the free list.

Mr. McDOWELL. I think it would be wise for you to work in that direction.

Mr. FORDNEY. That would be partial to the farmer.

Mr. McDOWELL. I think he needs consideration. I think that the prosperity of the entire country is dependent upon the buying power of the farmer.

Mr. FORDNEY. The American consumer has the greatest market of all, has he not?

Mr. McDOWELL. Yes, sir.

Mr. FORDNEY. Don't you think this would be protecting the farmer and not protecting the laboring classes?

Mr. McDOWELL. It is a pretty broad question how much benefit the farmer derives from protection when he is exporting his crops.

Mr. COCKRAN. Does he get any benefit from the protection which is given to wheat?

Mr. McDOWELL. I think not.

Mr. COCKRAN. He is on the tariff schedule, but he does not collect much at the custom-house.

Mr. McDOWELL. No; he does not get much of that because he exports.

The CHAIRMAN. I see that we have on our list Mr. Burleson and Mr. Gillespie, Members of the House, and I was going to suggest to those gentlemen, if it is agreeable to them, that they be not heard until next week. I have not looked at the election returns, but I suppose those gentlemen have been returned, and I presume that they will always be with us. After recess I will call Mr. Magner, of Brooklyn, if he is on time.

Mr. GILLESPIE. That will be agreeable to us.

(Thereupon, at 1 o'clock p. m., the committee took a recess until 2 p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
November 30, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. THOMAS F. MAGNER.

The CHAIRMAN. On what subject do you appear?

Mr. MAGNER. Cotton bagging.

The CHAIRMAN. Please proceed.

Mr. MAGNER. I represent, Mr. Chairman and gentlemen of the committee, all those manufacturers who are engaged in the manufacture of what is known as jute cloth made from jute butts in the United States. They are the Peru Bagging Manufacturing Company, of Indiana; the Ludlow Manufacturing Associates, of Ludlow, Mass.; and the American Manufacturing Company. The Ludlow Associates have a large plant, 30 acres in extent, at Ludlow, Mass. The American Manufacturing Company have different plants, several plants in St. Louis, one at Galveston, one at Charleston, and they have two large plants in Brooklyn, New York City, my native city.

We present here to-day from all of these manufacturers a memorial. We have now in process of preparation, and later will present to the committee, a table giving the relative cost of production of this fiber, of the manufactured article, in India and in America, the amount produced, and everything relating to it, both in the production and manufacture in Calcutta and in the United States.

The CHAIRMAN. I suppose you will give us the relative cost of production per unit of quantity?

Mr. MAGNER. Yes; and also the cost of labor per unit in both countries. At present we will content ourselves with submitting a memorial to you on behalf of these manufacturers. The American Manufacturing Company is engaged in the manufacture of three different articles. They make sisal and manila rope and cordage.

Mr. Metcalf has presented his argument to the committee, and we agree with him and agree to take a reduction in the amount of tariff on that. We also are engaged largely in the manufacture of jute twine, and we agree to take a reduction on that. Mr. Smith, who will speak later on, will represent us. We have asked for an increase

in the duty on bagging. We ask for it because we compete with the lowest-priced labor in the world, namely, the Calcutta Indian labor. We ask for it because all our supplies and our machinery are taxed under the tariff now 45 per cent, and we call attention to the fact that after the adoption of the Wilson bill, when these articles were placed on the free list, there were engaged in the manufacture of these articles at that time nine separate corporations, and they have dwindled down to the present three; and we say that unless we receive a fair amount of protection these three will go out, as they are rapidly going out, of the manufacture of cotton bagging. That is a calamity which will be visited alike upon our manufacturers and upon the farmer. It will ultimately place us at the mercy of the East Indian Calcutta combination, which we think is an evil.

(The papers submitted by Mr. Magner are as follows:)

REVISION OF SCHEDULE J—STATEMENT OF THE LUDLOW MANUFACTURING ASSOCIATES.

NOVEMBER 25, 1908.

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

In addition to memorials signed jointly with other manufacturers, we wish to submit the following:

The manufacturing business now carried on by the Ludlow Manufacturing Associates was first started in 1848, under the name of the Boston Flax Mills. During this sixty years of development the business has grown from a very small mill employing a few hands to one of the largest textile plants in the country, with a maximum production of more than 100,000,000 pounds.

The works are situated at Ludlow, a suburb of Springfield, Mass. They include 30 acres of mill and warehouse floors, and a village for housing most of the operatives.

The industry is that of manufacturing jute, hemp, and flax goods, and is organized under six different departments, as follows:

First department, twines.

This department manufactures twines, the maximum yearly production being 11,000,000 pounds.

Under the act of 1907, paragraph No. 330, these twines are protected by a duty of 13 cents a pound. These twines are made of jute, which is free; of American hemp and tow, of rough flax, paying 1 cent a pound duty; of foreign hems and tows, paying \$20 a ton; and of mixtures of all these.

The present rate of duty is practically prohibitive as regards the importations of the coarser twines and fairly high for the finer sizes manufactured by us. It seems as if some adjustment would be desirable, reducing the duty on twines made from yarn not finer than 5 lea, or number, to 10 cents per pound, and retaining the present duty on the finer sizes, as these are flax-line goods.

Second department, hemp carpet yarns.

The maximum yearly production of this department is 3,500,000 pounds. These yarns are made almost entirely of foreign fiber, pay-

ing duties either 1 cent a pound or \$20 a ton. They are protected under clause No. 331. The sizes manufactured by us are dutiable at 7 cents per pound. From this must be deducted the duty on fiber actually in the yarns, say, 1 cent a pound plus the waste, equivalent to about $1\frac{1}{2}$ cents a pound, leaving a net protection of $5\frac{1}{2}$ cents per pound. Under this rate of duty practically no yarns have been imported, and we believe a very slight reduction could be made.

Third department, jute carpet yarns.

The maximum yearly production of this department is 36,000,000 pounds, made entirely from free raw material. The protective duty under clause No. 328 is 1 cent per pound and 10 per cent ad valorem for single yarns not finer than 5 lea, or number.

At this rate of duty large importations of jute yarn are made. In view of these large importations of jute yarn and of the continued tendency of American wages to increase in much greater proportion than in England and Germany, and also the possibility in the near future of the Calcutta mills entering into this branch of the jute business, we ask for a slight advance in this rate of duty.

Fourth department, webbing.

This is a narrow upholsterers' webbing, made mainly of jute. The maximum yearly production of this department is 1,800,000 pounds, protected under clause No. 341 at five-eighths cent per pound and 15 per cent ad valorem. This is a very small special trade that has not invited foreign competition, although receiving the same protection as burlaps, which can not be manufactured under this rate of duty.

Fifth department, bagging for covering cotton.

The maximum yearly production of this department with the machinery now installed is about 25,000,000 yards—enough to cover one-third of the largest cotton crop on record. The duty on this bagging under clause No. 344 is six-tenths of a cent per square yard, equivalent to three-fourths of a cent per running yard of the standard width of 45 inches, and forty-five one-hundredths of a cent per running yard for 27 inches.

In view of the very low wages paid by competing Calcutta mills and the large importations from India, we ask for a slight advance in this rate.

Sixth department, cordage.

The maximum yearly production of this department is 6,200,000 pounds. Under paragraph 329 the duty assessed is 1 cent per pound. We think that the industry can stand a slight reduction.

On three lines of our manufacture we advise a reduction; on two only a slight advance, and these two departments are those which compete with the starvation wages of India.

Respectfully submitted.

LUDLOW MANUFACTURING ASSOCIATES.
CRANMORD T. WALLACE, *President*.

REREVISION OF THE TARIFF, SCHEDULE J, PARAGRAPH 344, FLAX,
HEMP, JUTE, AND MANUFACTURES OF—BAGGING FOR COTTON.

NOVEMBER 18, 1908.

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,**House of Representatives, Washington, D. C.*

SIR: Your committee has given notice that on the 30th instant you will consider Schedule J of the tariff act. We beg to file notice of our intention to submit, at a later date, facts in justification of a revision of paragraph 344, which reads:

Bagging for cotton, gunny cloth, and similar fabrics, suitable for covering cotton, composed of single yarns made of jute, jute butts, or hemp, not bleached, dyed, colored, stained, painted, or printed, not exceeding 16 threads to the square inch, counting the warp and filling, and weighing not less than 15 ounces per square yard, six-tenths of 1 cent per square yard.

The undersigned are manufacturers of bagging for cotton made from imported jute butts, and have large capital invested. When the Wilson tariff law was enacted, making bagging free, there were in operation upward of nine corporations or firms making these goods. Competition with foreign manufacturers during the life of said act, and with more efficient American mills under the present tariff, has reduced this number to three, who represent what is left of the bagging for cotton industry in the United States, other than workers of second-hand material.

The duty on cotton bagging is six-tenths of a cent per square yard. On the basis of the importations of 1907 and 1908 this represents an ad valorem duty of 9.78 per cent and 9.11 per cent, respectively. This we submit is not sufficient protection for an industry which is compelled to pay 45 per cent duty on all machinery and machine supplies; on other supplies we use, the industries making them enjoy protection ranging from 30 per cent to 45 per cent ad valorem; but our strongest appeal is on the ground of competition with the Calcutta (India) mills, where they sometimes run twenty-two hours a day, and employ labor at rates less than one-twelfth of that paid by American mills.

American manufacturers are now able to produce bagging sufficient to cover any possible cotton crop. Notwithstanding their efforts to compete, the importations from India are increasing every year, and have displaced a corresponding amount of American machinery which is now lying idle. If no check is given to importations from Calcutta, the time will soon come when the cotton growers will have to rely entirely on Calcutta mills, and thus be at the mercy of the existing combination there.

We submit that it is wiser to make such slight addition to the present rate of duty as will enable the American manufacturers to compete with Calcutta, rather than to wipe out all of this capital investment, throw so many hands out of employment, and turn over this large home market to the foreigner.

It is not our purpose, at this time, to set forth in detail our reasons for asking for adequate protection, in order to avoid being forced to abandon the manufacture. Our expensive mill equipment and acquisition of trained labor prompts us to hope that we may be

able to furnish the cotton growers of the United States the larger part of their requirements, thus relieving them of dependence upon the production of the cooly hordes of India, who subsist on a wage rate of from 25 cents to 75 cents per week.

The bagging manufacturers are the principal weavers of jute goods in the United States. Most of the other jute cloths are imported, the aggregate of such importations being in 1907 more than \$25,000,000 foreign value, and more than 450,000,000 yards.

Under the prevailing foreign cost of production the present rate of duty fails to afford a measure of protection, and the life of the present remnant of the cotton bagging manufacturing industry is in imminent peril.

When your committee considers this particular schedule (J) more in detail we wish to present figures to show the additional protection which we deem is necessary to counterbalance the lower wages paid in Calcutta, and also other very material handicaps which are felt by an American manufacturer.

Very respectfully,

THE AMERICAN MANUFACTURING CO.,
By JNO. M. MAURY, *Assistant Secretary*,
LUDLOW MANUFACTURING ASSOCIATES,
By CHARLES W. HUBBARD, *Treasurer*,
PENN BAGGING MFG. CO.,
MAX W. KRAUS, *Secretary-Treasurer*.

STATEMENT OF MR. H. D. COOPER, OF NEW YORK CITY.

MR. COOPER. Mr. Chairman and gentlemen, I do not propose to submit any argument, as I assume you are fully acquainted with the circumstances and have gone over them very carefully; but encouraged by the statements made by the party during the campaign and also by Mr. Taft we thought it only right to come here and present a request that your committee consider the subject of burlaps and linens and varieties of jute goods, and give us some moderate reduction in the tariff. We do not ask for any extreme reduction, we do not wish to destroy anything that is existing, but we wish a moderate reduction, and I propose to submit to you a statement giving the figures on the duties that we think would yield a revenue—would not decrease the revenue to any material extent—and at the same time would enable a great many people who are using these linens as raw material in their business to be better fitted to cope with conditions.

There is one point I would like to draw to your attention, and that is that previous to the present time all burlaps paid the same rate of duty. In the Dingley Act there was a limit made at 60 inches, a compound duty under 60 inches, which produced a tariff varying on the cost of the goods in the original market somewhere between 25 and 32 per cent—on an average I should think about 26 per cent—and on goods 60 inches wide and over there was a demand made for 45 per cent. That 45 per cent duty relates almost entirely to the raw material, or foundation cloth, of which linoleum and oilcloth are made. Those goods have not been manufactured in this country, except for a few weeks after the present bill went into effect, and it has been a burden amounting to something like \$200,000 per annum

on the manufacturers of oilcloth and linoleum; and I am not authorized to speak for them, but I know they would be very glad to have relief; and if your committee deems it wise, we would ask you to strike out, or eliminate, the phrase "goods over 60 inches in width."

On the matter of linens we have drawn up rates of duty in which the wording corresponds exactly with the present law. One of the greatest difficulties that manufacturers in this country and importers also suffer under is the tremendous chaos that follows the passage of a new act. There is great difficulty experienced in determining what the various classifications mean. Some people who have not a very large business become very adroit in evading the classifications, and the Government sometimes allows goods to go through for awhile at a lower rate of duty than possibly it should. At other times it exacts a higher rate of duty than is determined later it should have exacted. So there is an unevenness and inequality and unfairness all the way through. I know that my firm had something like 1,400 importations of goods that had to come up before the Board of Appraisers. I ask you to as far as possible conform exactly to the present bill in its wording, changing the rates wherever you may. I think it would simplify very much the work of the committee, and would allow the business community to know instantly where it stands, instead of keeping the matter open for one or two years before the courts. I submit the rate of duty here and ask leave to make a variation in the rates before the 4th of December, in case it is found necessary. The rate of duty is only a moderate reduction in line with a fair revenue, and also in line with cheapening what is often the cost of material to the manufacturers as well as to the average consumer.

(The following was submitted by Mr. Cooper:)

WAYS AND MEANS COMMITTEE:

The undersigned, representing importers and dealers in flax and jute goods, would respectfully make the following statement:

Instead of the present rates in Schedule J, paragraphs 339, 341, 345, 346, and 347, we would respectfully propose the following alterations:

Paragraph 339, laces, lace window curtains, tidies, pillow shams, bed sets, insertings, flouncings, and other lace articles, handkerchiefs, etc., from 60 per cent to 50 per cent.

Paragraph 341, plain woven fabrics of single jute yarns, etc., from five-eighths cent per pound and 15 per cent to three-eighths cent per pound and 10 per cent, and from seven-eighths cent per pound and 15 per cent to five-eighths cent per pound and 10 per cent. The limitation of 60 inches in width to be eliminated.

Paragraph 345, handkerchiefs, etc., from 50 per cent to 40 per cent; if hemstitched, etc., from 55 per cent to 45 per cent.

Paragraph 346, woven fabrics or articles not specially provided for in this act, composed of flax, hemp, ramie, etc., weighing $4\frac{1}{2}$ ounces or more per square yard, not more than 60 threads to the square inch, from $1\frac{1}{2}$ cents per square yard and 30 per cent to $1\frac{1}{2}$ cents per square yard and 15 per cent; not more than 120 threads to the square inch, from $2\frac{1}{2}$ cents per square yard and 30 per cent to $2\frac{1}{2}$ cents per square yard and 15 per cent; not more than 180 threads to the square inch, from 6 cents per square yard and 30 per cent to $4\frac{1}{2}$ cents per square yard and 15 per cent; more than 180 threads to the square inch, from

9 cents per square yard and 30 per cent to $7\frac{1}{2}$ cents per square yard and 15 per cent.

The provision that none of the foregoing articles in this paragraph shall pay a less rate of duty than 50 per cent shall be altered to 35 per cent.

Woven fabrics of flax, hemp, or ramie, including such as is known as shirting cloth, weighing less than $4\frac{1}{2}$ ounces per square yard, and counting more than 100 threads to the square inch, 35 per cent.

Paragraph 347, all manufactures of flax, hemp, or ramie, or other vegetable fiber, etc., not specially provided for, from 45 per cent to 35 per cent; union goods composed of cotton and linen, 35 per cent.

STATEMENT OF MR. EDWARD R. BIDDLE, OF NEW YORK CITY.

Mr. BIDDLE. Mr. Chairman, I will not make any remarks, but I will file a brief.

The CHAIRMAN. Very well.

STATEMENT OF MR. W. WICKHAM SMITH, OF NEW YORK CITY.

Mr. SMITH. Mr. Chairman and members of the committee, I am asked here to speak on two subjects, one being jute matting and the other linoleum and oilcloth, and if you will permit me I will take up the jute matting subject first, as it will only take about five minutes of your time.

In the present Dingley tariff act jute mattings are provided for in paragraph 334, and are subjected to a compound duty, partly specific and partly ad valorem. The duty is 35 per cent ad valorem and is either 5 or 10 cents a square yard, depending upon whether the goods are worth less or more than 15 cents per square yard.

These compound duties have turned out in practice to make a certain duty or rate of duty ad valorem upon these goods, and we think that if it could have been foreseen what those ad valorem rates would be the Congress, when it enacted the Dingley bill, would not have imposed such high rates. As the paragraph has worked out in practice, on one quality of jute matting the duty amounts to $51\frac{1}{2}$ per cent ad valorem, on another quality $60\frac{3}{4}$ per cent ad valorem, on a third quality 73 per cent ad valorem, and on a fourth quality 86 per cent ad valorem. Now, jute mattings are not articles of luxury, they are articles of common use, and we do not believe that it was the intention of Congress to subject these goods to such rates of duty as 60, 70, and 86 per cent ad valorem, and we ask that in the preparing of a new bill the duties on these goods be reduced in the interests of the consumer, and that they be subjected either to a straight, plain ad valorem duty of, say, 40 per cent, or that if for any reason it is considered desirable to retain the compound system of rates the paragraph have inserted in it a proviso at the end that in no case shall the duty assessable under this paragraph be more than 40 per cent ad valorem, which it seems to us would be a reasonable rate on those goods, and would increase the revenue. The tariffs, even the McKinley and Dingley tariffs, have never, so far as I have observed, assessed a higher ad valorem duty than 60 per cent, except that in one or two tariffs there has been a rate of 75 per cent on smokers' articles, which are very clearly articles of luxury. Therefore we ask that these

duties be changed so that they shall not run up to 70 and 86 per cent, as they do under this compound system.

The CHAIRMAN. What class do you say runs up to 70 and 80 per cent, 12 feet and under or 12 feet and over?

Mr. SMITH. There is nothing about 12 feet in this, Mr. Chairman. Paragraph 334 is the one to which I am referring.

The CHAIRMAN. Jute matting?

Mr. SMITH. Yes.

The CHAIRMAN. That is a different proposition.

Mr. SMITH. That is the paragraph on which I ask that the duty be reduced, and I suggest that 40 per cent would be a sufficient duty upon those goods, and would afford the Government more revenue than the present duties, which run up as high as 86 per cent and which are practically prohibitive.

Mr. DALZELL. There are two duties here. You want both reduced, and you want us to make a square, flat rate of duty?

Mr. SMITH. Yes. I suggest that they be changed into one simple rate for all goods of 40 per cent, and then the better the goods the more duty there will be derived from them.

Mr. DALZELL. Are you an importer?

Mr. SMITH. I am a lawyer.

Mr. DALZELL. You are representing the importers?

Mr. SMITH. Yes.

Mr. DALZELL. Where do these goods come from?

Mr. SMITH. They come from England and Scotland, I think. That is all I desire to say about the matting.

The CHAIRMAN. File your brief, if you choose.

Mr. DALZELL. Do you know what the annual consumption is of that article?

Mr. SMITH. I do not, Mr. Dalzell, but I do not think it is very large. I think that if the duty on it was reduced it could be more largely used, and the consumption would be increased and the revenue would be increased.

I come now to paragraph 337, which provides for oilcloth for floors, including linoleum or corticene, and provides various compound rates, and on those we ask for a reduction in duty, and we ask that the rates be made straight ad valorem rates, so that everybody can know just what they are going to be, and that the compound system be abolished as to these paragraphs. An examination of the application of the existing compound rates to the importations of this class of goods shows that the duty under the existing law varies from 25½ to 75 per cent ad valorem. The duty on plain linoleum varies from 29 to 51 per cent; on printed linoleum from 36 to 45 per cent; on floor oilcloth from 56 to 67 per cent, and on inlaid linoleum from 52 to 70 per cent. Many of these duties are absolutely prohibitory, and prevent goods from coming into this country at all, except so far as they are produced here. Some of these duties are prohibitory upon articles which are not made here at all, and therefore cut them entirely out of the consumption. Of course, Mr. Chairman, among these articles oilcloth and floor coverings are not in any sense luxuries, but are used by all classes of people. The industry in this country is not an infant industry. The leading manufacturer of these goods advertises that he has been in the business, or is the

lineal descendant of people who have been in the business, for over one hundred years; that the first factory of his predecessor was established at Philadelphia in 1807. He says in his advertisement that he has now a plant consisting of 10 acres and 50 buildings, that he is able to export oilcloth to the British dominions and other places, and that he has recently received from the Government a contract for an article called "battle-ship linoleum" in competition with all the foreign makers. I am advised that as the industry exists to-day about 90 per cent of it is in the hands of the domestic manufacturer, and about 10 per cent of the article consumed here is imported.

The CHAIRMAN. The importation of oilcloth and linoleum has increased very much—of oilcloth under 12 feet in width from 219,000 square yards in 1898 to 4,874,000 square yards in 1907, with a duty of 52½ per cent; 12 feet and over from 61,000 square yards in 1898 to 161,000 square yards in 1907; linoleum, inlaid, and cork carpets from 72,000 square yards in 1898 to 2,132,000 square yards in 1907.

Mr. SMITH. Yes, Mr. Chairman. Now, I am advised that last year, 1907, to which you referred, was an exceptional year, in which the importations were very much greater than they have been either before or since.

The CHAIRMAN. According to this it was 2,132,000 square yards in the year ended June 30, 1907, and 1,750,000 the year before, and of oilcloth over 12 feet in width the importations were 161,000 square yards, as against 114,000 square yards, and in oilcloth under 12 feet in width 4,874,000 square yards, as against 3,521,000 square yards. It has been increasing.

Mr. SMITH. Yes, Mr. Chairman; there can be no dispute as to the fact that there has been an increase in the importations of linoleum; but, on the other hand, the demand for linoleum and the consumption of linoleum has increased very much faster than the increase of importation.

The CHAIRMAN. We will get the figures on the consumption later.

Mr. SMITH. So that, notwithstanding these figures, it is true that the domestic manufacturers still have about 90 per cent of the business and the importers about 10 per cent. One of the special features of this paragraph to which we ask attention is this, that this duty bears the hardest on the cheapest grades of goods, so that the cheap and common oilcloths which are used by the poor can practically not be and are not practically in fact imported at all. They are excluded.

The CHAIRMAN. That is the result of this specific part of the duty?

Mr. SMITH. I assume that is the effect of it.

The CHAIRMAN. Of course that would be. So much a square yard is harder on the cheaper goods.

Mr. SMITH. With those few preliminary remarks I would like to call attention to particular articles. For example, on plain floor oilcloths this paragraph provides a duty of 8 cents a square yard and 15 per cent. It is found that this amounts to about 57 per cent ad valorem on the best grade, 60 per cent on the next grade, and 66 per cent on the lowest grade. We have made a computation based on the figures of a leading importing house which shows that the selling prices of the American manufacturer of these grades is, in the case of the first grade, 9½ cents less per square yard than the price at which the foreign article can be landed here, utterly irrespective of any

expenses of business here or profits. The landed cost of these goods of this grade is $9\frac{1}{2}$ cents higher than the selling price of the American manufacturer. It is $9\frac{1}{2}$ cents on the second grade, $9\frac{3}{4}$ cents on the next grade, and on the lowest grade 8 cents. These duties are therefore practically prohibitory, and none of these goods have been imported for years. Now, upon plain linoleum, which is a common article and in very great demand, it appears that the duties vary from $25\frac{1}{2}$ to 45 per cent, and that, taking the same importer's figures and estimating the landed cost and comparing it with the selling price in this country, the American manufacturer's prices are in every instance lower than the actual landed cost of these goods, and this difference varies from 7 to 18 cents a square yard.

On printed linoleums, which are a common, cheap class of goods, the duties ad valorem as figured up from the specific and ad valorem duty vary from 36 to 49 per cent, and the landed cost of the goods here exceeds the price at which the manufacturers sell the best quality by 7 and 8 cents a square yard, about the same difference on the second quality, and on the low grades the difference is so great that the importers can do practically little or no business in those goods.

Coming to the best grades of linoleums, the inlaid linoleums, the duties vary from 52 per cent to 65 per cent, and the American manufacturer is able to sell his goods at from 16 to 18 cents a square yard less than the importer can land them for in this country.

We also suggest that cork carpets, which are classed in this paragraph with inlaid linoleums, should not be classed with them, because inlaid linoleums are an expensive, elaborate article, while cork carpets are a plain and common article and should not be included in the same category with inlaid linoleums. The duties on these cork carpets under this compound system vary from 55 to 70 per cent ad valorem, and the one which is subjected to a duty of 70 per cent ad valorem when imported is not made in the United States at all, but on these goods which are made in the United States the selling prices of the American manufacturer are from 12 to 17 cents less than the landed cost of the imported article. The duties are almost prohibitory. We ask that as to this paragraph the compound rates be abolished and that a duty of 25 per cent be assessed on all the articles covered by this paragraph except inlaid linoleums, which we think should be subjected to a higher duty than the others and as to which we suggest 35 per cent.

Mr. DALZELL. Under the present law linoleums which are named in the paragraph come in at the same duty as the others?

Mr. SMITH. Yes.

Mr. DALZELL. Although they have been held by the court not to be inlaid linoleums.

Mr. SMITH. Certain articles called "granite linoleums" and "oak-plank linoleums" were claimed by the domestic manufacturers to be really in fact inlaid linoleums. That question went to the courts and was determined adversely to the Government and in favor of the importer, and they were held to be plain linoleums, and under that ruling would come in as plain linoleums, which we respectfully insist is their proper classification. We do not think they are properly to be compared with inlaid linoleums, which are the finest grade of goods made in that line.

STATEMENT OF MR. HENRY A. POTTER, OF NEW YORK CITY.

Mr. POTTER. What I have to say is in reference to paragraph 337 of Schedule J. We would respectfully submit that the rates in the present law were fixed to compensate the American manufacturer of oilcloth and linoleums for the duties placed on the raw materials entering into their product, such as burlaps, linseed oil, varnishes, glue, clay, and the various pigments, and also for the difference in wages here and abroad.

We are not disputing the right of the manufacturers of our raw materials to get such duties on their products as they are entitled to, but when these are fixed we want a compensating duty on our own product. Wages in the United States are over 100 per cent higher than in Europe. We submit that the steadily increasing imports of manufactured oilcloth and linoleums would show that the duties in the present law are not too high. The imports for the fiscal year of 1907 were 7,178,211 square yards, valued at \$2,298,321.20, which amounts to about 20 per cent of the total sales in the United States.

The two commercial widths of oilcloth and linoleum are 6 and 12 feet. The act of 1897 intended to place 12-foot goods at the higher rate of duty, but this was defeated by the importer cutting the 12-foot goods to 11 feet 11 inches, thus bringing them in under the lower rate. The importers appealed from the decision of the Board of General Appraisers as to the definition of what are commercially known as "granite" and "blank" linoleums, the board holding that they were inlaid, but the courts held that these were goods not otherwise specified. The only change we ask in the present paragraph is in its phraseology, so as to correct the two matters mentioned above. We feel that the American manufacturers have been and are contributing more than their proportion of support to the United States Government. The total sales of oilcloth and linoleum in the United States are about \$12,000,000. Burlaps are all made abroad, and it is impossible to get any accurate statistics from the Government as to the amount imported for our use, as the goods are grouped in the schedule with the various other materials which are imported for other purposes, but we estimate that the American manufacturers paid in duties in the fiscal year 1907 about \$1,250,000 on burlap, and during the same year the Government received in duties from the importers of oilcloth and linoleum \$1,256,163.50, or a total of \$2,506,163.50, which revenue is about 21 per cent of the total sales of the American manufacturers.

In view of the above we would ask that paragraph 337 be changed to read as follows:

Oilcloth for floors, plain, stamped, or printed only, including linoleum, corticine, and all other fabrics, or coverings for floors, made in part of oil, or any similar product (except silk oilcloth), under seven feet in width, not specially provided for herein, 8 cents per square yard and 15 per centum ad valorem; seven feet and over in width, and all oilcloth or other fabrics or coverings for floors, made in part of oil, or any similar product, of whatever width, the composition of which forms designs or patterns, whether inlaid or otherwise, and whether known as inlaid, granite, plank linoleum, or by any other name, and cork carpet, 20 cents per square yard and 20 per centum ad valorem.

Now, Mr. Chairman. I have made this statement from what knowledge I could get of the quantity of goods that are manufactured in this country and the part that are imported, and our claim is that 80

per cent only is manufactured in the United States and not 90 per cent, as suggested by the former witness, and that the duty is not excessive, as is shown by the revenue derived from this product by the Government from the imports. We have to import all of our burlaps, and all that we ask is compensating duties for the duties which you in your judgment place on these raw materials.

The CHAIRMAN. It is claimed here that the duty per square yard, the specific duty, bears very heavily on the cheaper grade of goods. What have you to say about that?

Mr. POTTER. Why, the specific duty is the compensating duty on our raw materials.

The CHAIRMAN. Is the raw material the same in all classes of goods?

Mr. POTTER. Yes, sir; the main raw material is the same in all classes of goods; these burlaps, over 60 inches wide, which pay 45 per cent.

The CHAIRMAN. Then the difference of cost is wholly from the manufacture?

Mr. POTTER. Wholly from the manufacture; yes, sir.

The CHAIRMAN. Do they not use a better class of paints in the more expensive goods?

Mr. POTTER. No, sir.

The CHAIRMAN. The material is all the same?

Mr. POTTER. The materials are all the same, the quality depending upon the thickness.

The CHAIRMAN. If that is so, and the specific duty was fixed simply for compensation, for the duty upon raw materials, there would be some reason in it.

Mr. UNDERWOOD. The witness who preceded you stated, as I understood him, that the duty upon these lower grades was prohibitive. Do you agree with him?

Mr. POTTER. The Treasury reports show that they are not prohibitive.

Mr. UNDERWOOD. How much of them come in? I believe you stated that taking all the grades together there is 20 per cent imported and 80 per cent manufactured in this country?

Mr. POTTER. He said 90 per cent and 10 per cent. I say 80 per cent and 20 per cent.

Mr. UNDERWOOD. Does that apply to the lower grades?

Mr. POTTER. That applies to all the goods that we make.

Mr. UNDERWOOD. Our figures here do not differentiate between the lower grades and the higher grades?

Mr. POTTER. Yes; it does. You get an average on the goods that pay the low rate in the report of 1907, a unit value of 21 cents. That is cheap enough for anything. Those are cheap goods.

Mr. UNDERWOOD. But what percentage of the lower grades comes in under that?

Mr. POTTER. Four million eight hundred and seventy-four thousand yards against 2,132,000 yards, the unit value of which was 54 cents.

Mr. UNDERWOOD. But of the 4,000,000 yards coming in, what percentage is that?

Mr. POTTER. It is nearly 5,000,000 yards. It is 4,874,000 yards.

Mr. UNDERWOOD. Those 5,000,000 yards, what percentage are they of the production of that grade of goods in this country?

Mr. POTTER. Our total product in this country is about 36,000,000 yards; but I will say that the production on that grade of goods would be in the neighborhood of 15,000,000 yards.

Mr. UNDERWOOD. Fifteen million yards?

Mr. POTTER. Or 20,000,000 yards.

The CHAIRMAN. In that connection you tell me, do you, that the materials they make into oilcloth, linoleum, and so forth, stamped and painted, or printed, under 12 feet, come in at the same rate of duty as those over 12 feet in width?

Mr. POTTER. Will you please say that over again?

The CHAIRMAN. You tell me that the materials used for making these goods under 12 feet in width come in at the same rate of duty as the materials for making them over 12 feet in width?

Mr. POTTER. I think the 12 feet does not apply to your question.

The CHAIRMAN. Will you answer my question—whether it does or not; whether the goods under 12 feet have essentially the same material as those coming in under 12 feet?

Mr. POTTER. The materials we use in making floor oilcloths or linoleums are the same whatever the width is.

The CHAIRMAN. Then why is it that on those under 12 feet you have a compensating duty of 8 cents and on those under 12 feet you have 20 cents a square yard?

Mr. POTTER. Because the burlap that enters into the 12-foot goods is higher-priced goods than that in the other.

The CHAIRMAN. Then it is not the same?

Mr. POTTER. It is the same material; it is a burlap.

The CHAIRMAN. Yes; but it is a better quality of goods?

Mr. POTTER. Yes; it is a better quality of goods.

The CHAIRMAN. It has a higher rate of duty, or a higher cost, or what?

Mr. POTTER. It has a higher cost.

The CHAIRMAN. Do you get that burlap here?

Mr. POTTER. No, sir; we import it.

The CHAIRMAN. You import your burlap?

Mr. POTTER. Yes.

The CHAIRMAN. That is all I wanted to ask.

Mr. UNDERWOOD. Now, I would like to ask you on that if the duty was removed entirely on burlaps and you had your raw material free, we could abolish the specific duty that is now charged against linoleum and oilcloth without affecting your business?

Mr. POTTER. Not entirely.

Mr. UNDERWOOD. Did I not understand you to say a moment ago that the specific duty here on the finished product represents the cost of the raw material?

Mr. POTTER. Compensation for duty on our raw materials and burlap is not the only raw material we use.

Mr. UNDERWOOD. What other raw materials do you use?

Mr. POTTER. Linseed oil at 20 cents a gallon. On every pigment we use there is a further 25 per cent ad valorem—all the clays and varnishes.

Mr. UNDERWOOD. In order to give the committee that information, will you kindly detail to us the raw materials you get, and how much

percentage of that goes into the finished product, as distinguished from jute?

Mr. POTTER. As distinguished from the jute?

Mr. UNDERWOOD. Yes.

Mr. POTTER. I understand your question. If you take on these goods that the unit of value is 22 cents—for instance, take your burlap at 6 cents, your other materials will cost you 10 cents.

Mr. UNDERWOOD. The burlap would be 6 cents of the amount of your raw material?

Mr. POTTER. Well, against 22—that is, against 22.

Mr. UNDERWOOD. The total amount—

Mr. POTTER. I am basing this on a piece of goods which cost 22 cents.

Mr. UNDERWOOD. Yes, but the amount of raw material would be—

Mr. POTTER. Sixteen cents.

Mr. UNDERWOOD. That goes in there?

Mr. POTTER. Yes.

Mr. UNDERWOOD. And 6 cents of that would be—

Mr. POTTER. The labor and expenses.

Mr. UNDERWOOD. Six cents would be the labor and expenses?

Mr. POTTER. Yes.

Mr. UNDERWOOD. But how much of that raw material is the jute?

Mr. POTTER. This is out of the 16.

Mr. UNDERWOOD. So that if jute was put on the free list a reduction of the specific duty to that extent could be made without injuring your business?

Mr. POTTER. Yes; 3 cents a yard, or in that neighborhood.

Mr. UNDERWOOD. That would enable you to sell this to the consumer at a considerably less cost, would it not?

Mr. POTTER. If we saw fit to; yes, sir.

Mr. UNDERWOOD. Have you all got a trust in your business?

Mr. POTTER. No, sir.

Mr. UNDERWOOD. Would not competition drive you to it?

Mr. POTTER. It probably would. There is no trust among the American manufacturers in any way, shape, or form.

Mr. UNDERWOOD. That is all.

Mr. RANDELL. It would cut out competition from abroad, however, would it not?

Mr. POTTER. I do not think so.

Mr. RANDELL. They could compete with you from foreign countries?

Mr. POTTER. I think so, on some lines of goods.

Mr. RANDELL. On foreign goods?

Mr. POTTER. Oh, in the foreign market? We are entirely shut out on the foreign market with that duty.

Mr. RANDELL. But the foreign manufacturers could compete with you here?

Mr. POTTER. I should think they would.

Mr. RANDELL. You say on certain lines of goods.

Mr. POTTER. They would.

Mr. RANDELL. They would be the more costly?

Mr. POTTER. Yes.

Mr. RANDELL. As a matter of fact, those are the only kinds that are imported—the more costly?

Mr. POTTER. No, sir.

Mr. RANDELL. Is not that the fact?

Mr. POTTER. No, sir; that is not the fact.

Mr. RANDELL. Do you know of any of the cheaper kinds being imported in the last year or two?

Mr. POTTER. Here are nearly 5,000,000 yards that average 21 cents.

Mr. RANDELL. Where is that from?

Mr. POTTER. They come from England and Germany, principally.

Mr. RANDELL. What per cent of that is the trade in this country?

Mr. POTTER. I say that we manufacture in this country, as near as I can get at it, about 36,000,000 yards.

Mr. RANDELL. But you claim that the market is now about 80 to 90 per cent controlled?

Mr. POTTER. Eighty per cent.

Mr. RANDELL. Eighty per cent?

Mr. POTTER. Yes.

Mr. RANDELL. And you control it?

Mr. POTTER. Yes.

Mr. RANDELL. And that is practically on the goods of lower price?

Mr. POTTER. Yes.

Mr. RANDELL. And they are the goods most universally sold?

Mr. POTTER. Yes.

Mr. RANDELL. So that the tax is harder on the man of moderate means and the poor man than it is on the richer?

Mr. POTTER. Not necessarily.

Mr. RANDELL. It is on the quality of goods he uses, is it not?

Mr. POTTER. Yes.

Mr. RANDELL. Is this business in such a condition that if the tariff was taken off your raw material, and on the finished product as well, you could still run?

Mr. POTTER. No.

Mr. RANDELL. You would have to close out, then?

Mr. POTTER. Yes.

Mr. RANDELL. Do you mean that the making of linoleum would close out in this country if it were not for the tax?

Mr. POTTER. Yes.

Mr. RANDELL. I am asking you that for information.

Mr. POTTER. Yes; I believe it would, on account of the difference in labor.

Mr. RANDELL. It would just close out?

Mr. POTTER. We probably would struggle.

Mr. RANDELL. I asked you if you thought it would close out?

Mr. POTTER. Well, I do not know.

Mr. RANDELL. What is your opinion about it?

Mr. POTTER. That we could not make any money.

Mr. RANDELL. Do you think it would stop business in this country?

Mr. POTTER. It would stop it largely.

Mr. RANDELL. What per cent?

Mr. POTTER. I do not know.

Mr. RANDELL. In your opinion, what per cent would it stop it?

Mr. POTTER. Why, I never thought of it.

Mr. RANDELL. That is all I want to ask you.

The CHAIRMAN. Are there any further questions? If not, we will hear Mr. George F. Smith.

STATEMENT OF MR. GEORGE F. SMITH.

Mr. SMITH. Mr. Chairman and gentlemen, I wish to present a very brief statement from the spinners of flax, hemp, and jute, regarding the paragraphs of Schedule J which affect them.

The undersigned, representing all flax, hemp, and jute spinners interested in Schedule J, make the following recommendations to the Committee on Ways and Means:

Paragraphs 323, 324, 325, 326, and 327.

These paragraphs refer to raw material and we recommend that there be no change in the rates.

While there is very little flax raised for fiber in this country, we wish to encourage any fiber-producing industry and therefore ask that this duty remain.

Paragraph 328.

We recommend that this paragraph be changed so as to read as follows:

Single yarns made of jute, not finer than 5 lea or number, 1½ cents per pound and 10 per cent ad valorem; if finer than 5 lea or number, 35 per cent ad valorem.

Our reason for this change is that in the past nine years the average duty on yarns made of jute not finer than 5 lea has been only 28.43 per cent, and is not sufficiently protective to prevent importations of an average of 1,618,866 pounds of jute yarn per year. This yarn could have been made in this country had there been sufficient protection.

Paragraph 329.

We recommend that this paragraph be changed to read as follows:

Cables and cordage, composed of istle, tampico fiber, manilla, sisal grass, or sunn, or a mixture of these or any of them, three-quarters of 1 cent per pound; cables and cordage made of hemp, tarred or untarred, 2 cents per pound.

The CHAIRMAN. You change in the first bracket from 1 cent to three-quarters of a cent?

Mr. SMITH. Yes, sir. This carries a reduction of a quarter of a cent per pound in the first half of the paragraph.

We recommend that paragraph 330 be changed to read as follows:

Threads, twines, or cords, made from yarn not finer than 5 lea or number composed of flax, hemp, or ramie, or of which these substances or either of them is the component material of chief value, 10 cents per pound—

That is instead of 13 cents.

The CHAIRMAN. That is reduced from 13 cents to 10 cents?

Mr. SMITH. Yes, sir. Then, further, we recommend that this paragraph be changed as follows:

If made from yarn finer than 5 lea or number 13 cents per pound and three-fourths of 1 cent per pound additional for each lea or number, or part of a lea or number, in excess of 5.

Mr. DALZELL. That is an increase?

Mr. SMITH. Yes, sir.

Our reason for this is that we believe that the duty on the coarser goods can be reduced to 10 cents per pound and still protect the American manufacturer.

Paragraph 331.

We advise that this paragraph be changed to read as follows:

Single yarns in the gray, made of flax, hemp, or ramie, or a mixture of any of them, not finer than 8 lea or number, 6 cents per pound; finer than 8 lea or number and not finer than 80 lea or number, 45 per cent ad valorem; single yarns, made of flax, hemp, or ramie, or a mixture of any of them, finer than 80 lea or number, 15 per cent ad valorem.

Mr. DALZELL. You raise the second paragraph?

Mr. SMITH. We raise the second paragraph and reduce the first.

The CHAIRMAN. It raises on all the numbers from 5 up to 80?

Mr. SMITH. Yes. We ask this for the reason that the paragraph as it now stands admits of a reduction on the coarser goods, while the rate is not enough to encourage the manufacture of medium yarns, the importations of which in the past nine years have averaged 538,176 pounds per year.

Paragraph 332.

We recommend that this paragraph remain unchanged.

We would also ask that the following new paragraph be inserted:

Ropes and twines, made wholly of jute, of two or more ply, doubled and twisted, but not polished, made from single yarns not finer than seven hundred and twenty feet to the pound, thirty per centum ad valorem.

This is a reduction in the rate of 33½ per cent, as the articles mentioned are now in the basket clause at 45 per cent.

Paragraph 347.

We recommend that this paragraph, commonly called the "basket clause," remain as at present, at 45 per cent.

Fully 95 per cent of the machinery used in the flax mills in this country is foreign made and is imported at a duty of 45 per cent. It is a conservative estimate to say that a flax-spinning plant in America costs at least one and one-half times as much as the same plant would cost in Europe.

Summarizing wages paid abroad and making comparison with wages paid in the United States, we find the average abroad to be 4.6 cents per hour, and in the United States 12.8 cents per hour.

In conclusion we most earnestly call the committee's attention to the fact that our industry receives less protection than that granted any other textile industry, as shown by the following figures:

	Per cent.
Wool	58. 19
Cotton	53. 38
Silk	52. 68
Linen	33. 66

This statement is presented by 24 concerns, the names of which are as follows:

American Manufacturing Company, by Anderson Gratz, Brooklyn, N. Y.; Allentown Spinning Company, by D. R. Malcolm, Allentown, Pa.; American Net and Twine Company, by Ivers S. Adams, East Cambridge, Mass.; Barbour Flax Spinning Company, by J. E. Barbour, Paterson, N. J.; Boston Thread and Twine Company, by John H. Ross, Jamaica Plain, Mass.; J. T. Bailey & Co., Philadelphia, Pa.; Cable Flax Mills, by E. A. Hartshorn, Schaghticoke, N. Y.; California Cotton Mills, by William Rutherford, Oakland, Cal.; Chelsea Fiber Mills, by Frank L. Pierce, Brooklyn, N. Y.; Columbian Rope Company, by Edward D. Metcalf, Auburn, N. Y.; Dolphin Jute Mills, by Samuel S. Evans, Paterson, N. J.; Dunbarton Flax Spinning Company, by James W. Wallace, Greenwich, N. Y.; Finlayson Flax Spinning Company, by David Harvey, North Grafton, Mass.; Hanover Cordage Company, by Fred W. Webber, Hanover, Pa.; Kentucky River Mills, by R. W. McReery, Frankfort, Ky.; Ludlow Manufacturing Company, by Cranmore N. Wallace, Ludlow, Mass.; Marshall & Co., by J. S. Coey, Newark, N. J.; Overman & Schraeder, Covington, Ky.; Planet Mills, by Alexander F. Crichton, Brooklyn, N. Y., and Wilmington, Del.; Smith & Dove Manufacturing Company, by George F. Smith, Andover, Mass.; Schlichter Cordage Company, Philadelphia, Pa.; Sutherland & Edwards, by John G. Edwards, Paterson, N. J.; James Thompson & Co., by James Thompson, Valley Falls, N. Y.; West End Flax Mills, by P. C. Chase, Millbury, Mass.

MR. UNDERWOOD. Mr. Witness, you are a manufacturer of jute cloth?

MR. SMITH. No, sir; I am a manufacturer of flax and flax threads and twines.

MR. UNDERWOOD. Where does your principal competition come from, from abroad?

MR. SMITH. From abroad.

MR. UNDERWOOD. I say what countries abroad does your principal competition come from?

MR. SMITH. From Ireland, Scotland, Germany, and France.

MR. GRIGGS. None from Belgium?

MR. SMITH. Yes; from Belgium as well.

MR. GRIGGS. Yes.

MR. UNDERWOOD. You stated this, I believe, but I did not catch it fully. What is the percentage of imports as compared to the consumption of the product in this country? In other words, how much of the product is imports and how much is manufactured in the United States?

MR. SMITH. There are no figures available for that.

MR. UNDERWOOD. Are there any importations?

MR. SMITH. Yes, sir; in all of these schedules there are importations.

MR. UNDERWOOD. What are the importations in your line?

MR. DALZELL. What is your line?

MR. SMITH. Flax, flax threads, and twines.

MR. DALZELL. Do you know what paragraph covers it?

MR. SMITH. Yes, sir; it is covered by paragraphs 330 and 331. I have not the figures here of the importations.

ood. I had the wrong paragraph in front of me.

One million six hundred and sixty thousand eight
irty-five pounds under paragraph 331 and 533,572
330.

UNDERWOOD. You say that you are not able to give us the
of the importations?

Mr. SMITH. Yes, sir: I can give them to you here, now. Under
paragraph 330, threads, twines, and cords, importations not finer than
5 lea, 30,175 pounds, valued at \$6,408. In the rest of the paragraph,
finer than 5 lea or number, the importations amounted to 465,749
pounds, of the value of \$317,319.

Mr. UNDERWOOD. There is a very small percentage of importations
as compared with the production in the home market, is there not?

Mr. SMITH. I should say yes.

Mr. UNDERWOOD. I notice that the American manufacturers are
able to export something like five and a half millions, and a large
portion of that goes to British Honduras.

Mr. SMITH. That does not come into this schedule.

Mr. UNDERWOOD. It is not in this schedule?

Mr. SMITH. It is not in this part of the schedule.

Mr. UNDERWOOD. Are there any exportations in your line?

Mr. SMITH. None, if any, exported. There might be a few thou-
sand pounds, possibly, shipped to some South American country,
perhaps in shoe thread, where a concern here had started a factory
there; but the importation is far in advance of the cost of the expor-
tations from Europe or Belgium.

Mr. UNDERWOOD. You claim, therefore, that you are not able to
export?

Mr. SMITH. No, sir.

Mr. UNDERWOOD. But you practically control the home market
under the present rate of duties?

Mr. SMITH. We control it; I should say probably 75 per cent.

Mr. UNDERWOOD. That is all I wanted to ask.

Mr. GRIGGS. How high do you go in numbers?

Mr. SMITH. In this country?

Mr. GRIGGS. Yes; the number of threads.

Mr. SMITH. Our own concern does not spin finer than 40. I think
possibly some of the other concerns go to 50.

Mr. GRIGGS. You go as high as 40?

Mr. SMITH. Forty.

Mr. GRIGGS. Then your protection above 5 lea is three-quarters
of a cent on each pound?

Mr. SMITH. Three-quarters of a cent for each number.

Mr. GRIGGS. For each number higher?

Mr. SMITH. Yes; beginning at 13 cents.

Mr. GRIGGS. Which would give you 13 cents per pound up to 5
lea, and then the difference above that.

Mr. SMITH. At the present time we have 13 cents up to 5 lea.

Mr. GRIGGS. Up to 5 lea?

Mr. SMITH. Yes.

Mr. GRIGGS. And then above 5 lea you go as high as 40?

Mr. SMITH. Yes.

Mr. GRIGGS. And you have three-quarters of a cent for every lea
above that?

Mr. SMITH. Additional.

Mr. GRIGGS. Which makes you three-quarters of the difference between 40 and 13, protection—that is to say, the difference between 40 and 13 is 27, and that is the difference in number?

Mr. SMITH. Yes.

Mr. GRIGGS. And you have, then, three-fourths of 27 cents on your No. 40?

Mr. SMITH. Yes.

Mr. GRIGGS. In addition to the 13 cents?

Mr. SMITH. Yes.

Mr. GRIGGS. Which is assessed on the 5 lea?

Mr. SMITH. Yes.

Mr. GRIGGS. Three-fourths of 27 is 21. Twenty-one and 13 make 34 cents per pound you have, protection, already. When you go up as high as 40, then on your No. 39 it is three-fourths of a cent lower, and on your No. 38 it is three-fourths of a cent below that?

Mr. SMITH. Yes.

Mr. GRIGGS. Do you not think that that is a pretty fair protection?

Mr. SMITH. We are not asking for any more.

Mr. GRIGGS. But is it not pretty fair as it is?

Mr. SMITH. The average rate of duty on all numbers from 5 to 400—there are importations as high as 400—the average of the schedule for the past nine years, was 45.45. The numbers which are principally used for thread, in this country, where the competition comes, are fourteens, sixteens, eighteens, and twenty-fives, and the average on those was only 38.64 per cent. The duty on our raw material is fully 10 per cent.

The CHAIRMAN. What is your raw material?

Mr. SMITH. Flax. The percentage on the raw flax is something over 10.

The CHAIRMAN. Hackled flax?

Mr. SMITH. Raw flax; flax not hackled or dressed, including tow. That is from the government statistics.

Mr. GRIGGS. That is 10 per cent?

Mr. SMITH. Practically 10 per cent; of which from 65 to 75 per cent of the finished product is raw material. That makes about 7 per cent which must be deducted from this to get the net protection.

Mr. GRIGGS. You mean by that you deduct three-quarters of 10 per cent?

Mr. SMITH. Three-quarters of 10 per cent—

Mr. GRIGGS. Is your net protection?

Mr. SMITH. No, sir.

Mr. GRIGGS. Three-quarters of 10 per cent is to be deducted from your gross protection which you receive?

Mr. SMITH. Yes, sir.

Mr. GRIGGS. In order to make your net protection?

Mr. SMITH. Yes; leaving the net protection about 31 per cent.

Mr. GRIGGS. Now, which of these numbers are the most largely used?

Mr. SMITH. Fourteens, sixteens, eighteens, twenties, and twenty-fives; these numbers that I read.

Mr. GRIGGS. What is the cost per pound of your raw material, of your basic material?

Mr. SMITH. Well, that is quite a large range on the price of flax.

Mr. GRIGGS. I know, but what is the average cost?

Mr. SMITH. It would average, the raw flax, about 14 to 15 cents.

Mr. GRIGGS. Then you would get from 100 to 150 per cent protection on that class of threads most largely used?

Mr. SMITH. No, sir; we get only 30 per cent.

Mr. GRIGGS. You have got 13 per cent on five lea, and you add three-fourths of a cent for each lea.

Mr. SMITH. On 13 cents.

Mr. GRIGGS. Thirteen cents a pound?

Mr. SMITH. Yes.

Mr. GRIGGS. You say it costs 14 to 17 cents?

Mr. SMITH. There are a great many processes which that flax has to go through before it comes into thread.

Mr. GRIGGS. I understand that, but I am talking about your protection. On the thread you get a protection of 13 cents on 5 lea?

Mr. SMITH. Yes.

Mr. GRIGGS. And you increase that by three-quarters of a cent on each number you go above that?

Mr. SMITH. Yes.

Mr. GRIGGS. And the numbers most largely used are fourteens, sixteens, eighteens, twenties, and twenty-fives?

Mr. SMITH. Yes. On fourteens it is 19½ cents.

Mr. GRIGGS. That is the duty on 14 cents?

Mr. SMITH. Yes; which is equivalent to an ad valorem duty of 35.76.

Mr. GRIGGS. The flax costs you 14 cents?

Mr. SMITH. That is approximate.

Mr. GRIGGS. That is your basic material?

Mr. SMITH. Approximately; yes, sir.

Mr. GRIGGS. And you estimate, then, that the protection you get of 19½ cents on what you pay 14 cents for is only 38 per cent?

Mr. SMITH. No, sir; on the basis of the importations of No. 14 at 19½ cents per pound duty on the importing value the average is 35.76 per cent.

Mr. GRIGGS. I do not see how you calculate it. I will be very much obliged to you if you will make your calculation for me. I want the information about it.

Mr. SMITH. The importation on the average for nine years, from 1899 to 1907, of 14-cent yarn—

Mr. GRIGGS. Let us make a simple calculation. It costs 14 cents a pound—your basic material?

Mr. SMITH. Yes.

Mr. GRIGGS. And you get, on your No. 14, 19 cents protection?

Mr. SMITH. Yes.

Mr. GRIGGS. Now, you pay 14 cents for your basic material?

Mr. SMITH. Yes.

Mr. GRIGGS. And your protection is 5 cents above that 14 cents?

Mr. SMITH. Yes.

Mr. GRIGGS. Which you pay for it. Then you get back by way of protection not only what you paid out, but you get 5 cents additional protection. How do you make that 38 per cent? I just want to know how you calculate it.

Mr. SMITH. The 38 per cent is on the importing value of the threads, the foreign cost of the threads, taken from the government statistics.

Mr. GRIGGS. Well?

Mr. SMITH. The flax that I pay 14 cents for has to be hackled, in the first place, which makes a loss of a considerable amount.

Mr. GRIGGS. I am not taking that into the calculation at all, although it may have something to do with your business, as I understand it. In this question, on what you pay 14 cents for and manufacture into the finished product, you get a protection of 19 cents; is not that true?

Mr. SMITH. Yes, sir.

Mr. GRIGGS. That is all I wanted to know. I can not make that 38 per cent.

The CHAIRMAN. If Mr. Griggs is through, I want to ask you a question.

Mr. GRIGGS. I am through.

The CHAIRMAN. I do not understand what your raw material is; is it flax hackled, known as "dressed line?"

Mr. SMITH. No, sir; it is flax not hackled or dressed.

The CHAIRMAN. That pays a duty of \$22 a ton?

Mr. SMITH. \$22.40 a ton.

The CHAIRMAN. Or a cent a pound?

Mr. SMITH. A cent a pound.

The CHAIRMAN. And how much waste is there in making that into yarn?

Mr. SMITH. Taking 100 pounds of flax, in hackling there is about 5 per cent of waste. That would leave 95 pounds. Then there is about 40 to 50 pounds of that which is made into tow of a lower value, at about 8 cents a pound. Then the remainder is spun. With a loss in every process, it is prepared and spun—with waste in every process—until it is ready for bleaching, which takes another 20 per cent out of it.

The CHAIRMAN. Out of the 100 pounds how many pounds of yarn do you finally get of thread?

Mr. SMITH. I could not give you the per cent. I can estimate it. It would not be over 40 per cent—40 pounds.

The CHAIRMAN. I wish you would prepare those figures and let us know what this raw material costs and how much is lost in each process and how much is sold for other goods at 8 cents a pound, just the price and the quantity, taking 100 pounds of flax as the original amount.

Mr. SMITH. Very well.

The CHAIRMAN. Now, where is the first bracket, the number of leas where you commence to increase this duty?

Mr. SMITH. Over the old schedule?

The CHAIRMAN. Yes.

Mr. SMITH. We are not increasing it over the old schedule.

The CHAIRMAN. Not anywhere?

Mr. SMITH. Not on the thread schedule. We are on the yarn. On paragraph 331 we ask for the duty to be increased from 40 to 45 per cent on yarn finer than 8 lea, but not finer than 80 lea, single yarns in the gray.

Mr. RANDELL. You want to change it from 40 to what?

Mr. SMITH. From 40 to 45 per cent. We are not able to make yarns in that class and compete against the foreign yarns.

The CHAIRMAN. You make the yarns, do you?

Mr. SMITH. Yes.

The CHAIRMAN. I do not see any yarn schedule here. There is thread made from yarn.

Mr. SMITH. It is paragraph 331.

The CHAIRMAN. I mean in the importations; I do not see it.

Mr. SMITH. In the statistics of importations?

The CHAIRMAN. Yes.

Mr. SMITH. On the importations of yarn, flax, hemp, or ramie, single yarns in gray, not finer than 8 lea, the duty, the equivalent duty, amounted to 57.98 per cent. We recommend that that be reduced to 6 cents a pound, which will make the duty 49.72 per cent. On finer than 8 lea, and not finer than 80 lea, the average importation was 538,000 pounds at 40 per cent, and we ask that that be increased to 45 per cent.

The CHAIRMAN. What is the importation on that?

Mr. SMITH. 538,176 pounds per year, on the average, for nine years.

The CHAIRMAN. Have you any idea what the consumption was; how much was manufactured in this country?

Mr. SMITH. I should say that this represented more than was made here. There was more imported on that schedule than was made here.

The CHAIRMAN. I do not seem to have the yarns here in this book where I have the importations of all the various years; at least I can not find it. But under the threads, the importation on any number is exceedingly small. I do not know what it is on the yarns when you take it through a series of years. We will get that, if we have not got it. Are there any further questions?

Mr. GRIGGS. On the line you were speaking about just now, on the line of waste, does not the foreigner experience the same degree of waste at every stage of the manufacture of this fiber that you do?

Mr. SMITH. Yes, sir.

Mr. GRIGGS. Then you do not need any protection on that account, do you, on account of the waste?

Mr. SMITH. No, sir; but we do require protection on the other basis.

Mr. GRIGGS. Oh, I understand your position on that; but you spoke of waste as an element in the cost.

Mr. SMITH. I was trying to explain why there was so much difference on the 14-cent raw material and the difference on the importing cost.

Mr. GRIGGS. That is all.

Mr. COCKRAN. Under paragraph 330, do I understand that there have been no exportations from this country?

Mr. SMITH. No exportations of any moment.

Mr. COCKRAN. Under paragraph 330, threads, twines, or cord?

Mr. SMITH. No exportations of any moment that I am aware of.

Mr. COCKRAN. I do not know how accurate these figures are, but I find here a statement of the value of exportations, \$5,584,000.

Mr. DALZELL. That is twines.

Mr. COCKRAN. Oh, twine?

Mr. SMITH. Yes, sir; that would be binder twines and some coarse twines. It would not cover threads.

Mr. COCKRAN. There is no exportation at all?

Mr. SMITH. No, sir.

Mr. COCKRAN. The importations of threads, twines, and cord were 553,000. Of those importations of threads, twines, and cords, how many come in competition with your product, if any?

Mr. SMITH. The fourteens, sixteens, eighteens, twenties, and twenty-fives principally come in competition with ours.

Mr. COCKRAN. How many of them come in of that particular kind of twines?

Mr. SMITH. The importation of fourteens amounted to 24,000 pounds on the average for nine years.

Mr. COCKRAN. What was the value of that 24,000 pounds?

Mr. SMITH. The value of that was \$13,000.

Mr. COCKRAN. And what else?

Mr. SMITH. On sixteens it was 31,000 pounds, a valuation of \$16,497; on eighteens it was 54,000 pounds, with a valuation of \$33,000; and on twenty-fives it was 31,000 pounds, with a valuation of \$21,000. On thirties it was 40,000, with a valuation of \$26,000.

Mr. COCKRAN. That would be, altogether, then, about \$200,000, the total importations.

Mr. SMITH. Yes, sir; about.

Mr. COCKRAN. What is the value of your product, your annual product—I mean the value of the product of all the persons concerned in the same trade?

Mr. SMITH. I should say probably \$2,500,000.

Mr. COCKRAN. About \$2,500,000; so that it is considerably less than 10 per cent?

Mr. SMITH. I should say so; yes.

Mr. COCKRAN. You are pretty well protected. You have got pretty good control of your market, have you not?

Mr. SMITH. Yes, sir.

Mr. COCKRAN. Do you not think you could keep pretty good control with less duty?

Mr. SMITH. I hardly think we could stand much less and keep our wages up where they are, considering the difference in the cost of wages here and abroad, and the difference in expenses.

Mr. COCKRAN. How many concerns are there producing this thread, besides yourselves?

Mr. SMITH. In this country?

Mr. COCKRAN. Yes.

Mr. SMITH. Five or six or seven, I should say.

Mr. COCKRAN. Altogether?

Mr. SMITH. Yes.

Mr. COCKRAN. And what proportion of it do you produce?

Mr. SMITH. We probably produce about one-sixth.

Mr. COCKRAN. So that the six producers, or seven, are about equal; their product is of about equal volume?

Mr. SMITH. I think some of the others produce a little more than ourselves and some less.

Mr. COCKRAN. You do not represent any other concern except your own?

Mr. SMITH. Yes; I represent all these concerns.

Mr. COCKRAN. These gentlemen have absolute control of the 90 per cent of the market under existing rates?

Mr. SMITH. Yes.

The CHAIRMAN. I have found these statistics now. Single yarn in the gray, not finer than 5 lea or number, 7 cents per pound. How much do you propose to make it?

Mr. SMITH. Six cents.

The CHAIRMAN. That is a decrease?

Mr. SMITH. Yes.

The CHAIRMAN. I find there were 761,000 pounds imported in 1898 and 111,000 pounds in 1907. The next bracket is finer than 8 lea and not finer than 80 lea or number. That you propose to make 45 per cent?

Mr. SMITH. Yes.

The CHAIRMAN. It is now 40 per cent.

Mr. SMITH. Yes, sir.

The CHAIRMAN. You did not make a mistake, and you do not mean 35 instead of 45?

Mr. SMITH. No, sir; 45.

The CHAIRMAN. I find the importations on that in 1898 and 1899 were 1,025,000 pounds; in 1906, 446,000 pounds; in 1905, 338,000 pounds; in 1904, 357,000 pounds; in 1903, 283,000 pounds; and in 1907, 776,000 pounds. You think that justifies an increase of 5 per cent?

Mr. SMITH. Yes, sir.

Mr. COCKRAN. What page are you on?

The CHAIRMAN. Page 318. Now, take the next bracket, single yarns finer than 80 lea or number. What do you propose to do with that?

Mr. SMITH. Leave that as it is. That is a purely revenue duty.

The CHAIRMAN. There is no importation in that, anyway. All the others at the rate of 45 per cent under the present law, what do you do with them?

Mr. SMITH. We leave that the same.

The CHAIRMAN. There is more importation in that for the last year. There is 704,000 pounds of that for last year. That shows a slight increase, and that is the only one that does, apparently, practically show any increase. What do you propose on that?

Mr. SMITH. We propose to leave that the same.

The CHAIRMAN. That is all.

Mr. RANDELL. Do you run full time in the manufacture of your product? Do the manufacturers run full time or only a part of the time?

Mr. SMITH. At present?

Mr. RANDELL. Yes; generally.

Mr. SMITH. Generally we run full time. This last year has been a very bad year.

Mr. RANDELL. That is, when?

Mr. SMITH. Since last December; I do not think any of the mills have run full since last December.

Mr. RANDELL. About what proportion of the time do you run?

Mr. SMITH. At the present time?

Mr. RANDELL. Yes.

Mr. SMITH. We are running full in our flax department and running about half the machinery in our tow department.

Mr. RANDELL. That is all I want to ask you.

Mr. BOUTELL. Do you make any recommendations in regard to raw flax?

Mr. SMITH. Yes; we recommend that the duties on the raw flax, tow, and hemp be left as they are.

The CHAIRMAN. They are a cent a pound now?

Mr. SMITH. A cent a pound on flax and \$20 a ton on tow.

The CHAIRMAN. What do you propose to make them?

Mr. SMITH. We propose to leave them the same.

Mr. BOUTELL. Have you looked at all into the reason why the cultivation of flax has made so little progress in this country?

Mr. SMITH. Yes.

Mr. BOUTELL. What is the reason? It has had protection.

Mr. SMITH. The reason is that the relative profit in growing other crops is greater.

Mr. BOUTELL. The same reason that Mr. McMillan, of New Orleans, gave for not cultivating jute? Did you hear him this morning?

Mr. SMITH. Yes; I heard him. No; this could not be called such a cheap product as jute.

Mr. BOUTELL. But he gave that as a reason—that it was more profitable to cultivate other things.

Mr. SMITH. There is a difficulty in regard to labor in cultivating flax. There is a little raised in Michigan, Yale and Fargo, and those places.

Mr. BOUTELL. It puzzles the ordinary man to know why, with our climate and soil, we can not raise flax.

The CHAIRMAN. We can not get the hands.

Mr. BOUTELL. I know; but we do not raise it for the finer grades of thread or weaving.

Mr. SMITH. It is raised from seed, mostly.

Mr. BOUTELL. Has the curing anything to do with it?

Mr. SMITH. The labor in the curing?

Mr. BOUTELL. Yes; that discourages American labor from going into it?

Mr. SMITH. Yes.

Mr. BOUTELL. But nothing to do with either the climate or the soil?

Mr. SMITH. I think the climate is not so well adapted.

Mr. BOUTELL. Is any domestic flax used in making thread?

Mr. SMITH. We are not using any.

Mr. BOUTELL. Do you know in the industry whether any American flax is used?

Mr. SMITH. There may be a little from Michigan.

Mr. BOUTELL. Where is that used?

Mr. SMITH. I have used some of it myself, and some of the other mills have used it. How much there is this year I could not tell; very little, I should judge.

Mr. BOUTELL. When you get it, is it of good quality for thread making?

Mr. SMITH. It is about the same as that which comes from Canada. In fact it was started there by an American.

Mr. BOUTELL. How does it compare with the European flax?

Mr. SMITH. It is about the same as Russian flax.

Mr. UNDERWOOD. Where do you get your best flax?

Mr. SMITH. In Belgium.

Mr. UNDERWOOD. Does the American flax compare favorably with the Belgium flax?

Mr. SMITH. No, sir; it only compares with the cheapest foreign flax.

Mr. UNDERWOOD. As a matter of fact, it is a better business proposition for your mills to mill the better grades of flax, is it not, than to use the poorer grades?

Mr. SMITH. Yes, sir.

Mr. UNDERWOOD. I do not want to come back and ask you another question, but when you were asked whether you wanted to put the raw material on the free list you said you did not. Under those circumstances, when the American product is infinitesimal and its production in this country has not been successful, I do not understand your answer as to why you should not want the raw material on the free list, so that you could get it cheaper and you could hand down your product to the consumer cheaper, relatively.

Mr. SMITH. Well, we have always hoped that flax might be grown here. There is a considerable industry in Kentucky hemp, which competes in a way with our product.

Mr. UNDERWOOD. How long has the attempt been made in this country to grow flax?

Mr. SMITH. It has been grown off and on in a tentative sort of a way for twenty years, I suppose.

Mr. UNDERWOOD. It has had a protection of a cent a pound for twenty years?

Mr. SMITH. No, sir; it was free under the Wilson bill.

Mr. UNDERWOOD. It has had this protection of a cent a pound for how long?

Mr. SMITH. Ten years.

Mr. UNDERWOOD. Ten or fourteen years?

Mr. SMITH. Ten or eleven years.

Mr. UNDERWOOD. Twelve years. For twelve years it has had a protection of a cent a pound, and it has not developed the industry at all?

Mr. SMITH. No, sir; it has not.

Mr. UNDERWOOD. Under those circumstances do you not think it would be advisable for flax to be put on the free list, both to aid the home manufacturer and to reduce the cost to that extent to the consumer here?

Mr. SMITH. As I said before, there is quite an industry in Kentucky and Nebraska in hemp, which competes directly with the flax.

Mr. UNDERWOOD. It is used in the same goods?

Mr. SMITH. Not in the finer goods, but in the coarser goods.

Mr. UNDERWOOD. Well, you are interested in the home production, and for that reason you want the duty maintained on the flax; is that it?

Mr. SMITH. Yes, sir.

Mr. UNDERWOOD. But on the flax alone, if you were solely looking at that proposition, you would have no desire to have the duty retained?

Mr. SMITH. No, sir.

The CHAIRMAN. Why should it be maintained? That is what I am trying to get at. I do not care so much for your desire as I care to know the reason why.

Mr. UNDERWOOD. He said he was interested in the home industry and wanted a duty on the raw flax to protect him against the foreign industry.

Mr. SMITH. Do not mistake me; I am not personally interested.

The CHAIRMAN. Are you afraid that flax would take the place of hemp if there was no protection or duty on it? Is that the idea?

Mr. SMITH. It might, to a certain extent; yes, sir.

The CHAIRMAN. This committee is trying to investigate that subject, as to why there should be that duty of 1 cent a pound on flax, and if you can throw any light on it now we would be obliged to you.

Mr. BOUTELL. It seems to be an industry that was given protection, but that has not gotten beyond the very earliest infant stage.

Mr. SMITH. I can not say that we have gone very far with it.

Mr. BOUTELL. It certainly is a puzzle to an ordinary man to know why in this country, with its climate and soil, we can not grow all kinds of flax with profit.

Mr. UNDERWOOD. Let me ask you a question. If the duty were taken off of raw flax, how much would that authorize a reduction of the duty on your finished product and leave you in the same position you are in to-day?

Mr. SMITH. From 7 to 8 per cent. Not 7 to 8 per cent of the duty, but 7 or 8 points of the percentage.

Mr. GRIGGS. Counting your highest duty at 38 per cent?

Mr. SMITH. Taking the average of the cost of the raw material—the importations.

Mr. GRIGGS. I say, counting it at 38 per cent, you think you could knock off 7 or 8 points?

Mr. SMITH. Yes, sir.

Mr. GRIGGS. And make it 30 per cent?

Mr. SMITH. Yes, sir.

Mr. GRIGGS. What do you make out of these threads?

Mr. SMITH. They are used for sewing shoes.

Mr. GRIGGS. Entirely?

Mr. SMITH. They are used for some other purposes, but very few. They are mostly shoe threads.

The CHAIRMAN. That is all. We will now hear Mr. John Wilson, of Newark, N. J.

STATEMENT OF MR. JOHN WILSON, OF NEWARK, N. J.

Mr. WILSON. Mr. Chairman and gentlemen, we flax dressers respectfully solicit an advance of 1 cent a pound on dressed flax. Dressed flax has a present duty of 3 cents a pound. That rate, gentlemen, does not cover the difference in the higher cost of labor here, above that of Europe. We respectfully request to show, first, that the duty of 1 cent per pound on raw flax is not fairly understood. It takes $1\frac{1}{2}$ pounds of raw flax to produce 1 pound of dressed. Therefore the manufacturer dressing flax here pays 1 cent and 5 mills in duty for every pound of dressed flax produced for use in his factory.

From every pound of raw flax comes 40 per cent of tow. Tow is a by-product in many flax mills. It is only used in special mills in

Europe for the spinning of coarse wefts. Its value here is one-third less than in Europe. Now, with every production of 3 pounds of dressed line flax there will be 1 pound of tow, and with tow valued at 6 cents in Europe its value here will be one-third less, or 4 cents. So if you write off one-third of 2 cents you have 7 mills that is lost by the American dresser in the lower value of his tow here. The cost of dressing 1 pound of flax at 70 pounds per day at \$12.60 a week is 3 cents. The duty on the raw flax to make 1 pound of dressed is 1 cent and 5 mills, and the total cost per pound to the American dresser is 5 cents and 2 mills.

The importers' table is as follows: The average wages here and in Europe are: Flax dressers' wages in the United States, \$12.60; flax dressers' wages in Great Britain, \$6.50—one-half what they are in the United States; flax dressers' average wage in France, 22 francs; in Belgium, 18 francs. The average wage in France and Belgium—and they are both connected there in the flax district which connects North France and Belgium—20 francs, in American money, \$4; less than a third of the wage in the United States. The average wage in Riga, Russia, per week is 7 rubles and 20 copecks. The ruble is 50 cents and the copeck is half a cent. In American money it is \$3.60.

Great Britain has the highest average in wages, Russia has the lowest, while Belgium and France can be taken as the average, yet less than one-third. So, as it costs 3 cents to dress 1 pound of flax in America, it will take less than one-third, or about 9 mills, to dress it in Belgium.

Then the importers' table of cost reads: Duty on dressed, for 1 pound, 3 cents; cost of dressing 1 pound, 9 mills. That is 3 cents and 9 mills total cost to the importer, against American labor of 5 cents and 2 mills.

It is that difference, gentlemen, of 1 cent and 3 mills that we ask you to equalize. Then our labor will be placed on something of a fairer footing to compete with the labor of Europe. If this small moiety of protection be given us, no interest, we believe, will be hurt, nor will there be any addition to the price of flax goods to the consumer. And, of course, there will be an increase of employment in our trade.

Mr. DALZELL. What is the value of a ton of flax, dressed?

Mr. WILSON. You will have to ask a manufacturer, sir.

Mr. DALZELL. You do not know?

Mr. WILSON. I do not know, sir.

Mr. BOUTELL. Do they still use the same methods of hackling or dressing flax in this country that they use in Belgium and France?

Mr. WILSON. It is all dressed, first, in the rough, by machine, sir.

Mr. BOUTELL. I say, do they use—

Mr. WILSON. The same method?

Mr. BOUTELL. The same method here that they use in Belgium.

Mr. WILSON. Yes, sir. We have a Russian hackler working in the shop with us. What do you think of that? [Laughter.] It was from him—

Mr. BOUTELL. Is he an American citizen?

Mr. WILSON. I think he has been here two years.

Mr. BOUTELL. Well, I hope he will be.

Mr. WILSON. I hope he will be. But it only shows you how it comes in direct competition with our labor.

Mr. BOUTELL. What I wanted to get at was whether the old system of rotting the flax that prevailed on the continent of Europe still prevails in this country?

Mr. WILSON. No, sir; they do not rot flax in this country as they rot it in Europe. Only in Russia do they rot it the same as they rot it here. When I worked up in the north of New York, at Valley Falls there, there was an owner of a mill called Mr. Hartshorn. I think he is in the custom-house now. He used to give lectures to the farmers upon raising flax.

Mr. BOUTELL. Perhaps that is the reason the industry has not progressed any further than it has.

Mr. WILSON. Do you think so, sir? [Laughter.]

Mr. BOUTELL. I do not know.

Mr. WILSON. Well, I have attended his lectures there.

Mr. BOUTELL. What I was trying to get at was what it was that was holding back the flax industry in this country—whether it was something in the method of cultivation or something in the method of curing.

Mr. WILSON. There is a good deal in the curing, sir; but there is another thing to be taken into consideration. The climate of Belgium and of Ireland is foggier and moister than it is here. The fiber of the flax contains minute cells that hold the oil in them, and that oil evaporates too quickly in this country, with the severe sun. The oil is held in these cells in Belgium and Ireland because of the fog and moisture being in the air, preventing the sun from evaporating that oil. When they want to sow flax for seed they sow it thinly. They only put about a bushel and a half to the acre.

Mr. COCKRAN. Who are "they?"

Mr. WILSON. The farmers.

Mr. COCKRAN. Here, do you mean?

Mr. WILSON. I mean wherever they sow it. They adopt the same method in Ireland and Russia and Belgium. All of the farmers, when they want to sow flax for seed, sow it thinly. When they want to sow it for the fiber, they sow it as thickly as they can put it. They do not permit the seed to ripen when they are sowing for fiber, because the seed would take all the oil from the fiber. They pull it before it is ripe when they want it for the fiber. When they want it for seed, it is sown thinly, and then it is permitted to ripen, and all the oil goes into the seed and the fiber is useless. It is as dry as a straw.

The CHAIRMAN. Are there any further questions? That is all, I think, Mr. Wilson. We will now hear Mr. Owen Hughes.

Mr. JAMES HUME. Mr. Chairman, I have nothing further to add on that line—

The CHAIRMAN. What is your name? Are you Mr. Owen Hughes?

Mr. HUME. I am James Hume.

Mr. OWEN HUGHES. I am Mr. Owen Hughes, Mr. Chairman.

The CHAIRMAN (to Mr. Hume). Who are you?

Mr. HUME. I am James Hume.

The CHAIRMAN. Well, kindly step aside until Mr. Hughes gets through.

STATEMENT OF MR. OWEN HUGHES, OF PATERSON, N. J.

Mr. HUGHES. Mr. Chairman and gentlemen of the committee, I came down here from Paterson to-day to represent the flax dressers of Paterson, commonly known as "hacklers." These men have sent me down here to-day to beg of you men to take the 1 cent off of the raw material that comes into this country—that is, the French, Belgian, Holland, and Irish flax that do not come in conflict with the American grower. The Russian flax—that is, the Baltic flax—the Riga and Coutrai, do come into competition with the American grower.

The reason I ask you men for that to-day is that there is \$20 per ton on the raw material coming into this country. Now, by taking that off and putting that raw material on the free list, to my idea, it would enrich the manufacturer \$20 on the ton and enable him to give us a little more on the finished article. It would increase our business by taking that 1 cent off of the raw flax—that is, off of the French, Belgian, Holland, and Irish flax. The French flax is supposed to be the best flax in the market. It makes fine linens. The Irish flax makes the best of the tailor's thread. It is strong flax. But any of that sort of flax, such as the flax I have already named—the worst of it is better than the American flax. I hackled American flax in this country twenty-seven years ago—what you call "North River flax." It was pretty good flax. It was on an equal footing with the flax that grows in Russia; in fact, I have not seen a piece of American flax in about sixteen years. I do not know whether they have stopped growing flax in America or not, but I do not see any of it, and I have been hackling all the time.

The CHAIRMAN. Are there any questions?

Mr. UNDERWOOD. You do not think that the American flax industry—the growing of the raw flax—can be developed in this country, from your experience?

Mr. HUGHES. I do not think it can be developed, because there is a flax that grows in Canada there and that comes nearly on the same basis as the flax that grows in the United States. It comes nearly on the same basis, and they can not even grow the same flax in Holland that they can in France. Some people call this French flax "Belgian flax," but when I am working it I get the French flax written on my ticket. It is ticketed as French flax going away from me. That is all I know about it. This Belgian flax is a good flax, too. There are some qualities of it that are better than the Dutch. Some of the Dutch is poor flax, but any of it is better than what they can produce here.

Mr. UNDERWOOD. If we put this raw flax on the free list, do you think that would reduce the cost of the finished product to the American consumer to any extent?

Mr. HUGHES. Well, that I could not tell you. That all lays to the manufacturer, whether he will lower it or not. [Laughter.]

Mr. BOUTELL. That is about the size of it.

Mr. HUGHES. That is where the thing comes in.

Mr. UNDERWOOD. We had better cross-examine the manufacturers on that proposition, then, before we "give up the goods," had we not?

Mr. HUGHES. But you would think so—that it would, in a kind of a way, reduce it. [Laughter.]

Mr. BOUTELL. You thing it ought to, do you not?

Mr. HUGHES. Well, certainly. [Laughter.]

Mr. COCKRAN. It would if the arithmetic of the custom-house were the same as the arithmetic of any other part of the world.

Mr. HUGHES. Yes.

Mr. FORDNEY. If the consumer got all of that you would not get any of it, then, in wages, would you?

Mr. HUGHES. Well, I get my wages. I get \$12.50 a week.

Mr. FORDNEY. Pardon me. A few minutes ago you said that if that \$20 a ton was removed the laborer had hopes of getting some of it from the manufacturer. I say, if it did go to the consumer, the labor that produced it would not get any of that benefit from the reduction?

Mr. HUGHES. Yes; but that would not keep it from going to the consumer—if you take the \$20 a ton off of the raw material—if it were manufactured in this country and sold to the consumer.

Mr. FORDNEY. But if the manufacturer and the laborer consume that, the consumer would not get any of it—the ultimate consumer.

Mr. HUGHES. Well, I don't know. I don't understand the question.

Mr. FORDNEY. I will withdraw it.

The CHAIRMAN. He does not understand what you are trying to get at.

Mr. HUGHES. No.

Mr. COCKRAN. Anything that reduces the cost of production is likely to stimulate a demand for the article, is it not?

Mr. HUGHES. Well, but then, you see, that is on the raw material, and the duty on the finished article, what is on it now, would hold up that.

Mr. COCKRAN. But to the extent that you have removed the duty on the raw material it would tend to cheapen the cost of production that you are engaged in and make it less expensive—to reduce it?

Mr. HUGHES. Well, it would throw, as I say, \$20 a ton—

Mr. COCKRAN. Off the goods?

Mr. HUGHES. From the things coming in.

Mr. COCKRAN. Would not that reduce the cost of production?

(There was no reply.)

The CHAIRMAN. Well, Mr. Hume will tell us all about that.

Mr. COCKRAN. Let us get an answer to that. Would it not?

Mr. HUGHES. What is that?

Mr. COCKRAN. What do you say?

Mr. HUGHES. I don't know what your question is.

Mr. COCKRAN. Well, I think I will let you go, and I will ask you the question after the hearing.

The CHAIRMAN. We will now hear Mr. Hume.

STATEMENT OF MR. JAMES HUME, OF ANDOVER, MASS.

The CHAIRMAN. Give your name in full, please.

Mr. HUME. James Hume.

The CHAIRMAN. Where do you live?

Mr. HUME. At Andover, Mass.

The CHAIRMAN. What is your business?

Mr. HUME. I am a flax dresser, sir.

The CHAIRMAN. Proceed.

Mr. HUME. We are here to-day, as has already been said, in behalf of the flax dressers and hacklers. There is a large importation of hackled flax that comes into this country which is detrimental to the labor here. If this importation of dressed flax was prohibited from coming in it would add considerably to the labor here. We have had an average for the last six years of 1,232 tons per year of "dressed line" coming in, and, as has already been stated by Mr. Wilson, the first speaker, the wage that is paid where this flax is dressed is one-third less than the wage paid in the United States; and as it leaves a margin of 1 cent and 2 mills to the importer we think, sir, that what has already been asked, 1 cent a pound on the finished article, will leave a margin of 2 mills for the importer still. Unless there is something done in this line, sir, we will be in just the same situation we have been in since 1889, and we will have on an average the same amount of "dressed line" imported into this country. We also ask that the cent a pound be kept on the raw material. Not that it interferes with us in anything, except that if the cent were taken off the raw material it would so hurt the revenue that there would be no possibility of getting the cent a pound on the finished article. Forty per cent of the tow comes in as raw material. This is the tow, sir, and this is the raw material [exhibiting samples]; this is the Belgian flax that the last speaker, Mr. Hughes, spoke about [exhibiting sample].

The CHAIRMAN. You say that is the raw material? What do you call it?

Mr. HUME. This is flax, sir. This [indicating] is French flax. This [indicating] is Belgian flax.

The CHAIRMAN. Not hackled or dressed?

Mr. HUME. Not hackled or dressed.

Mr. GRIGGS. You say that is from Belgium?

Mr. HUME. This is from Belgium [indicating]. This is what we call the Coutrai flax [exhibiting sample], produced on the borders of France and Belgium. It is regarded as French flax. This is a dressed piece from Belgium [indicating], and this is a dressed piece from the French [indicating].

Mr. GRIGGS. The Belgian is the best, is it not?

Mr. HUME. No, sir; the French is the best. From this raw material comes the tow—about 40 per cent—so that that 40 per cent added to the raw material would nearly equalize what would come off for the "dressed line." That is, for the revenue.

I have nothing more to say upon this subject than what has been said already. This is a small matter and can be easily understood. The principal thing is, sir, that we want this labor done in America. We came over here after we had served an apprenticeship of from four to five years on the other side. We came over here, and these industries have been built up under protection. We are here and our families are here. We have become citizens of the United States, and unless we can get some more duty upon this "dressed line" it will mean that we will have to drift from it altogether into the ranks of unskilled labor. There are many of our men who have already drifted into the unskilled-labor market simply because we can hardly hold our position here, as they can import the "dressed line" to the advantage of the employers here, and they are not par-

ticular whether they have us or not. If there is any little difference that happens they simply tell us they can bring the finished article in here cheaper than they can manufacture it; and we think that a cent a pound would be sufficient to meet this condition. Eleven years ago we asked that a cent a pound be put upon the raw material and that 4½ cents be put upon the finished article. That was debated, and it was compromised. Only 3 cents a pound were put on the dressed line, and if it had been 4 our position would have been different to-day from what it is now.

Mr. GRIGGS. Do you mind telling us what you want?

Mr. HUME. We want a cent a pound upon the finished article. That is, the "dressed line."

Mr. GRIGGS. You do not want anything on the raw flax. You want the raw flax to come in free?

Mr. HUME. Well, it is immaterial to the hacklers or flax dressers whether it comes in free or not.

Mr. GRIGGS. In your statement you said that you had come from abroad, with your families. Where are you from?

Mr. HUME. From Ireland.

Mr. GRIGGS. What part of Ireland?

Mr. HUME. North of Ireland.

Mr. DALZELL. You want the present duty retained?

Mr. HUME. We want the present duty retained on the raw flax and a cent a pound put on the dressed.

Mr. BOUTELL. You want 1 cent a pound added to the present duty?

Mr. HUME. Yes; it is already 3 cents a pound, and we want it made 4.

Mr. GRIGGS. I understood you to say that you wanted the raw material to come in free.

Mr. HUME. One of the delegates has said so.

Mr. GRIGGS. I thought I understood you to say so in answer to a question put by me a moment ago.

Mr. BONYNGE. He said he did not care.

Mr. GRIGGS. Is that it?

Mr. HUME. It is immaterial to us whether it comes in free or not; but if we were to ask for the raw material to come in free we would also ask that the present duty remain on "dressed line"—that is, 3 cents a pound.

Mr. GRIGGS. Instead of increasing, then, the present duty on dressed flax you would just as soon have the duty abolished on the undressed—on the raw material—and leave it just as it is?

Mr. HUME. I would rather have the duty on the raw material as it is, and a cent a pound put upon the dressed line. That is my instruction from the men that I come from.

Mr. GRIGGS. But I wanted to know your opinion about it.

Mr. HUME. Well, my opinion about it, sir, is that if we came up here before you and asked to put the raw material on the free list and to retain the 3 cents a pound upon the dressed line it would so hurt the revenue that there would be no possibility of getting anything, because the revenue that has come already from the raw material is considerable. There were 6,081 tons in 1906 of raw material that came in at 1 cent a pound. That is considerable in revenue.

Mr. GRIGGS. One hundred and twenty thousand dollars, say.

Mr. HUME. And in 1907 there were 5,650 tons. So that if I were to ask you to take that revenue off it is not very likely that you would hear our demands or give us anything on the "dressed line."

The CHAIRMAN. You say you worked at this business before you came to this country?

Mr. HUME. Yes, sir.

The CHAIRMAN. How long ago was that?

Mr. HUME. I have been at it thirty-five years.

The CHAIRMAN. Thirty-five years?

Mr. HUME. Yes, sir.

The CHAIRMAN. You know all about the conditions of the working-men over there, I suppose?

Mr. HUME. I beg your pardon?

The CHAIRMAN. You know all about the conditions of the working-men over there? You know how they live?

Mr. HUME. Yes.

The CHAIRMAN. And the wages they get?

Mr. HUME. Yes, sir.

The CHAIRMAN. Suppose we should leave this duty at 3 cents a pound, would you go back there to dress flax or would you stay here?

Mr. HUME. I would stay here, sir.

The CHAIRMAN. You think the conditions would be better to stay here, even at that?

Mr. HUME. Yes, sir.

Mr. COCKRAN. That dispels our worst apprehension.

Mr. FORDNEY. If you had still another cent protection added to the 3 cents you now have, you believe it would improve the conditions of the laboring man in this country?

Mr. HUME. I do, sir; because it would stop that large importation of "dressed line," which comes in year by year.

Mr. UNDERWOOD. I would like to ask you a question, Mr. Witness: You have hackled flax in the north of Ireland?

Mr. HUME. Yes, sir.

Mr. UNDERWOOD. What did you get per pound for hackling flax there?

Mr. HUME. It came to about 3 farthings a pound, or a cent and a half.

Mr. UNDERWOOD. A cent and a half in the north of Ireland?

Mr. HUME. Yes.

Mr. UNDERWOOD. What do you get for hackling flax here?

Mr. HUME. Well, I am taking the highest wage there in Ireland at that cent and a half. The highest wage we get here is 3 cents a pound.

Mr. UNDERWOOD. Give me the average wage.

Mr. HUME. We could not strike an average, because there is such a different quality of flax that we want to take the highest or the lowest per pound of the work here with the highest or lowest pound over there.

Mr. UNDERWOOD. You are informed on the comparison of the wage values between the old country and this country, are you not?

Mr. HUME. Yes, sir.

Mr. UNDERWOOD. You are putting it at a cent and a half in the old country thirty years ago when you hackled there, are you not?

Mr. HUME. No, sir; I have only been in this country a little over five years.

Mr. UNDERWOOD. I thought you said you had been here thirty years.

Mr. HUME. No; it has been thirty-five years since I went to hackling.

Mr. UNDERWOOD. You say there is as much as a cent and a half difference between the average cost of hackling flax in the north of Ireland and in this country?

Mr. HUME. Yes, sir.

Mr. FORDNEY. Is the labor of the north of Ireland equal to the same class of labor in this country?

Mr. HUME. It is just the same. We import all the labor, or at least they come here as emigrants. Ninety-five per cent of them are emigrants from the old country.

Mr. FORDNEY. Much has been said here about the efficiency of labor in this country as compared with foreign labor. You worked just as hard and did just as much work in Ireland before you came here as you do now, did you not?

Mr. HUME. Yes; just the same.

Mr. FORDNEY. And you think you were worth just as much money then as you are now, at the same class of labor?

The CHAIRMAN. You mean his work was worth as much, do you not?

Mr. FORDNEY. Yes.

The CHAIRMAN. You spoke as if you were referring to his fortune.

Mr. HUME. The purchasing power of the money was greater there than it is here though. [Laughter.]

Mr. FORDNEY. But I was speaking of your labor.

Mr. HUME. Yes, sir; the same kind of labor.

Mr. FORDNEY. The labor you gave there and the labor you give here, in the same class of work, are quite equal, are they not?

Mr. HUME. They are just the same, sir.

Mr. GRIGGS. How much farther did your cent and a half a pound go over there than your 3 cents go here?

Mr. HUME. I beg your pardon. I do not understand you.

Mr. GRIGGS. How much more would your cent and a half purchase there than your 3 cents purchase here?

Mr. HUME. Well, taking everything into consideration, about 100 per cent.

Mr. GRIGGS. I will let that question stand in that way.

Mr. HUME. That is, when you take house rent and everything into consideration.

Mr. GRIGGS. You mean that the purchasing power of your money was worth 100 per cent more there than here?

Mr. HUME. Yes.

Mr. GRIGGS. Then the cent and a half was about equal to the 3 cents here?

Mr. HUME. Yes, sir.

Mr. BONYNGE. Did you live just as well there as you live here?

Mr. HUME. Well, not quite so well.

Mr. BONYNGE. Did you have as good a house there as you have here?

Mr. HUME. Well, I could get as good a house there as I could here. Now, for instance, I could get as good a house in Belfast for a dollar a week as I could get in this country for \$3 a week.

Mr. BONYNGE. And how about the food?

Mr. HUME. Well, we got the food cheaper, too.

Mr. BONYNGE. Could you get food there as good and in as great variety?

Mr. HUME. Not just as great a variety, but we got it as good, anyhow, and better.

Mr. BONYNGE. It was just as good, such as you had, but not such a variety?

Mr. HUME. Not such a variety.

Mr. BONYNGE. And notwithstanding all that, you would not go back there? You would prefer to stay here, would you not?

Mr. HUME. I would prefer to stay here.

Mr. GRIGGS. You kept as fat there as you do here, did you not?

Mr. HUME. Well, I can not say much about that. That is one thing that I could never boast of—being fat. [Laughter.]

The CHAIRMAN. That is all, I think.

Mr. GRIGGS. I would like to ask one more question. You said, in reply to Mr. Fordney, that you did as much work in Ireland and Belfast as you do here. That does not mean that you know whether American labor is more efficient than labor in Belfast, or not, does it?

Mr. HUME. Well, it means that the laborer is required to put the same labor into the material here as on the other side. The same labor is put into it.

STATEMENT OF MR. HAMILTON SCOTT, OF LEXINGTON, KY.

Mr. SCOTT. Mr. Chairman and gentlemen, I am here in the interest of the American hemp growers. Most of the product is grown in central Kentucky, but not all of it. I am, like most Kentuckians, very modest in my demands. We simply ask that the duty on raw materials be left as it is. You may wonder why we ask a duty at all on raw materials. We are simply interested in the duty on raw materials for this reason: If you remove the duty, say, on flax, then a cheaper grade of flax called "Russian flax tow" will be introduced into the market, and it will mean practically the wiping out of the American hemp industry. There is now being introduced into the United States and being sold in competition with us what is known as "flax tow," and this product is not local at all. It is being introduced into Indiana, Minnesota, Michigan, Nebraska, and California very successfully. What has retarded the industry heretofore has been more the want of a machine for separating the fiber from the lint. We think now that there are three or four machines that will accomplish that purpose. There is no reason in the world why American hemp should not be doubled—yes, any quantity of it grown in the United States—with a moderate protection. We do not think it unreasonable to ask that the duty be retained.

Mr. UNDERWOOD. The duty on hemp is how much, now?

Mr. SCOTT. It is now \$20 a ton on hemp and tow—Russian and Italian hemp and tow.

Mr. UNDERWOOD. There is no importation of hemp into this country at all now, is there?

Mr. SCOTT. Oh, yes; there is. There are importations of Russian hemp. I wish there were not.

Mr. UNDERWOOD. To what extent?

Mr. SCOTT. I think about 8,000 or 10,000 tons.

Mr. UNDERWOOD. What is the total production of hemp in this country?

Mr. SCOTT. Well, it is very low now. I should think about 8,000 tons.

Mr. UNDERWOOD. And there are only 8,000 tons of hemp imported into the country?

Mr. SCOTT. No; I said grown here. I think there are about 8,000 tons imported, too.

Mr. UNDERWOOD. In your judgment the importations are about 50 per cent of the amount we consume in this country?

Mr. SCOTT. I think so. I do not know what flax is introduced, of course.

Mr. UNDERWOOD. When was the first duty placed on hemp in this country?

Mr. SCOTT. I do not know. I know the duty was taken off years ago. I was a grower of hemp then. I think the duty was replaced under Mr. McKinley.

Mr. UNDERWOOD. Was not hemp free under the Wilson bill? Was it not on the free list?

Mr. SCOTT. I do not know whether it was or not. It may have been. The price got so low that really we quit raising it to a great extent. You see we used to grow 30,000 or 40,000 tons of hemp in the United States.

Mr. UNDERWOOD. You used to grow what?

Mr. SCOTT. Thirty or forty thousand tons. We made bagging out of it, and binder twine.

Mr. UNDERWOOD. Is not hemp a commodity which, like tobacco, is very trying on the land?

Mr. SCOTT. I have grown 14 crops in succession on the same land. Oh, no; it is not exhausting, like tobacco.

Mr. UNDERWOOD. It does not exhaust the land?

Mr. SCOTT. No; and then you can recuperate the ground. Tobacco takes from five to ten years. You raise three crops of tobacco and it exhausts the soil of those properties that go to make up the tobacco. It does not exhaust the soil of the properties that go to make hemp.

Mr. UNDERWOOD. There are no agricultural reasons, then, you think, why the production of hemp has fallen off?

Mr. SCOTT. No agricultural reasons?

Mr. UNDERWOOD. Yes.

Mr. SCOTT. No, sir; none whatever.

Mr. UNDERWOOD. What has been the falling off in the production of hemp in the last ten years?

Mr. SCOTT. Well, I do not know. I think under the Wilson bill it got very low, and since the tariff was put on, of \$20 a ton, it has been somewhat stimulated, but it has not grown more on account of the lack of a machine to handle it. You can grow it in any State, almost, if you can handle it.

Mr. UNDERWOOD. You think, then, that the production of hemp would vastly increase if you had a machine that would properly handle it?

Mr. SCOTT. I think we have that now. All we want is to be let alone. I do not mean in Kentucky only, but it has been grown in other States—in Mississippi and Texas—successfully.

Mr. UNDERWOOD. What is the net profit per acre that a producer of hemp can make?

Mr. SCOTT. That depends on a great many conditions. During the last two or three years in Kentucky, up to this year, labor has been very high on account of the cultivation of tobacco and the horse interests. This year we will not get as much per acre by one-half as we got last year.

Mr. UNDERWOOD. You have been in the business, and I would like to know, for information, what your judgment is on the average crop, and the average year.

Mr. SCOTT. Well, I am on both sides of this thing. I am a producer and a handler. I have rented ground and paid as much as \$15 an acre for it, for a term of years.

Mr. UNDERWOOD. You have rented and paid as much as \$15 an acre?

Mr. SCOTT. Yes.

Mr. UNDERWOOD. How much profit did you make?

Mr. SCOTT. That varies. I have known a man to make as high as \$25, but that is very exceptional.

Mr. UNDERWOOD. You have known people to make, as an average, \$25 raising hemp?

Mr. SCOTT. Yes, sir.

Mr. UNDERWOOD. Where the man owned the soil?

Mr. SCOTT. Yes, sir.

Mr. UNDERWOOD. And the average crops will go as low as what?

Mr. SCOTT. I think some of them will be away behind in their accounts this year.

The CHAIRMAN. We will now hear Mr. J. Arthur Adams, of Philadelphia, Pa.

Mr. ADAMS. Mr. Chairman. I was informed that I would be called to-morrow and I have not my memoranda here.

The CHAIRMAN. Do you appear in connection with cotton or silk?

Mr. ADAMS. There are four different schedules—cotton, silk, linen, and wool. The most important one—

The CHAIRMAN. We are not talking about either of those things to-day. It was through a mistake that your name was put down here.

Mr. ADAMS. Since I am here, I would like to get through.

The CHAIRMAN. We will excuse you until to-morrow.

We will hear Mr. W. Wickham Smith, of 32 Broadway, New York City, representing the Lace and Embroidery Importers' Association.

STATEMENT OF MR. W. WICKHAM SMITH, OF NEW YORK CITY, N. Y.

Mr. SMITH. Mr. Chairman and gentlemen of the committee, I have been asked to say a few words here in behalf of the Association of Lace and Embroidery Importers of the city of New York. I represent 48 different houses, and I think it is safe to say that they pay at least three-fourths of the duties that are collected upon these goods

at the port of New York, where most of the duties on them are collected.

I am instructed to ask this committee to consider favorably a reduction of the duty on these goods from the present rate of 60 per cent to 50 per cent ad valorem.

The CHAIRMAN. If you will inform us of some way by which we can collect an ad valorem duty on laces we will consider the subject of lowering it, but it is necessary first for you to show us some way in which we can do it.

Mr. SMITH. My answer to that, Mr. Chairman, is that the Treasury Department now considers that it has a system of appraising these goods which is practically as good as putting them on a specific duty basis.

The CHAIRMAN. I understand, on the other hand, that the gentlemen who are actively engaged in it think that they might almost as well be on the free list. [Laughter.] So our understanding is different on that.

Mr. SMITH. Mr. Chairman, I can refer you to an official report here in which the man sent by the Department of Commerce and Labor to St. Gall to examine into this question (and who has made an elaborate report) sets forth the whole system of ascertaining the duty on these goods, and announces that it is a very complete system; and I can refer you to the appraiser of merchandise at the port of New York.

The CHAIRMAN. The Department of Commerce and Labor does not collect these duties.

Mr. SMITH. No; they are collected by the Treasury Department, and I would be glad to have the committee ask the opinion either of the appraiser of the port of New York, the collector of the port of New York, or the Assistant Secretary of the Treasury as to whether the system of ascertaining and collecting the duties upon these goods has not been carried to a degree of accuracy and completeness which leaves practically no room whatever for undervaluation or fraud, or any other evasion of the revenue.

I may say, Mr. Chairman, that having had some familiarity with these goods and with this subject for nearly twenty years, I have never known in that time of but one suit brought by the United States in which it was charged that any such goods as these were fraudulently imported. I was attorney in that suit, and the Government discontinued it without costs. So that so far as there being anything other than an honest collection of the revenue upon these goods is concerned, as far as I know, there is no foundation for the suggestion.

The CHAIRMAN. Do you deal in consigned goods, by import trade, or do you buy them on the other side?

Mr. SMITH. Both. Under the system that is now in vogue it does not make a particle of difference whether they are bought on the other side or consigned by the manufacturer on the other side to his agent here. The Government has a perfect system for determining just how much duty the articles should pay.

The CHAIRMAN. The department is not making a particle of difference under the present system; but when it comes to saying that the Government collects the duty, I am not convinced of that.

Mr. SMITH. All I have to say is that if you succeed in discovering any better system of ascertaining and collecting the duties on these goods than is now in force, you will have discovered something that the ingenuity of the custom officials has not yet arrived at. In my opinion it can not be done, because the system at present is absolutely approaching perfection.

The CHAIRMAN. Would you be surprised to know that some of the custom officers are contemplating the recommendation of a scheme whereby these goods shall be valued at a wholesale price in the United States, so that we can get some evidence on which we can get at the value?

Mr. SMITH. I would be surprised at that, Mr. Chairman.

The CHAIRMAN. I will surprise you now. [Laughter.]

Mr. SMITH. Well, of course, that is not what I came here to discuss.

The CHAIRMAN. Of course, if you think the present system is perfect, you can not suggest anything that will help to perfect it—if it is perfect already. We will hear you on the other proposition.

Mr. SMITH. No; but I can simply record the prediction that the new system will not work as well as the old. Of course, there is no way of proving that now.

The CHAIRMAN. All right. Proceed.

Mr. SMITH. Laces and embroideries in all the history of the country never paid a higher duty than 40 per cent until the McKinley tariff. They have paid 60 per cent duty under the McKinley tariff and under the Dingley tariff. They paid 50 per cent under the Wilson tariff, and the suggestion we now make is that they be restored to the duty which was collected on them under the Wilson tariff. Silk laces and embroideries have paid for some time 60 per cent duty.

Now, the first proposition I suggest, Mr. Chairman, is that the time has gone by when goods of this character can properly be called luxuries. They may not, in a sense, be necessities of life, but they are articles which are used by all persons, of every grade, the only difference being that the richer persons use finer goods and the poorer persons use cheaper goods. But there is practically no woman in this country whose station is so low that she does not wear some kind of lace and embroidery. Therefore they should not, in our opinion, be treated as luxuries and placed in the same class that diamonds and precious stones and other articles are.

Mr. CLARK. You count the higher-priced ones as luxuries. do you not?

Mr. SMITH. Yes; I think the higher-priced ones are luxuries. The lower-priced ones I regard as necessities; and taking the whole range as a class, they seem to me not to belong properly in the class of luxuries. So far as the revenues are concerned, these goods brought a revenue to the United States in the fiscal year ending July 1, 1907, of \$25,000,000. We believe that a moderate reduction of the duties would so increase the volume of importations of these goods that that would counterbalance the reduction, and that the Government would collect more revenue under a 50 per cent duty than it has collected under a 60 per cent duty.

Mr. FORDNEY. You would have to increase the imports, then, to do that, would you not?

Mr. SMITH. I beg your pardon.

Mr. FORDNEY. I say, you would have to increase the imports to do that.

Mr. SMITH. Yes. I suggest that the reduction of duty would increase the imports, and therefore increase the revenues.

The CHAIRMAN. The imports are pretty good now—\$42,600,000.

Mr. SMITH. Yes; and we think it would be even better if you reduce the tariff a little, and that it would be so much better that 50 per cent on the new amount would be more than 60 per cent on the old.

The CHAIRMAN. And you would shut up some factories here.

Mr. SMITH. Well, I am coming to that presently. I do not think we would shut up any factories.

The CHAIRMAN. You think that our people would buy more of these, then?

Mr. SMITH. Yes, sir.

The CHAIRMAN. And, that there would be an increase of 10 per cent in the importations?

Mr. SMITH. Yes; more than that, I think.

The CHAIRMAN. Yes; 20 per cent it would have to be in order to make up the duty.

Mr. GRIGGS. What country is the chief producer of these articles?

Mr. SMITH. In laces, Calais, France, and in embroideries, Switzerland.

Mr. GRIGGS. Do they make any in Belgium?

Mr. SMITH. Yes; there are plenty of laces in Belgium.

Mr. COCKRAN. Do we not import large quantities of lace from Venice?

Mr. SMITH. I think we import a substantial quantity, but I do not think it compares in any way with the importations from France and Belgium. The lace from Venice is of rather a high class and an expensive class. The product of the other countries I have mentioned is cheaper and is imported in larger quantities.

Mr. COCKRAN. You import some from Ireland?

Mr. SMITH. Yes; a small quantity. If we could secure a moderate reduction of the duties on these articles, they could be sold cheaper, and with a profit to the consumers—and by the consumers we mean pretty nearly all the people of the United States, for, as I say, every man that has a wife or child is a purchaser of embroideries and laces to some extent.

We also call your attention to the fact that there is a very large industry in this country in the manufacture of wearing apparel trimmed with laces and embroideries, and in that industry these articles are the raw material. If by a reduction of the duty the importation of these articles could be increased and their use by these classes of manufacturers could be increased, it would afford an opening for the employment of additional labor in the classes of persons who manufacture those goods. Laces and embroideries are largely used by the makers of underwear and by the makers of children's coats and other garments, and the lower we can make the duty upon their raw material consistent with the proper collection of revenues and with protection the more business they can do and the more hands they can employ.

Mr. FORDNEY. Do you think the importation of those laces would increase the production of laces in this country? Do you take that position?

Mr. SMITH. No; not at all.

Mr. FORDNEY. Do you contend that it would lessen the production here?

Mr. SMITH. No; I do not think it would have any effect so far as reducing them is concerned. What I say on that subject is that there is now a growing industry here in the manufacture of embroideries and laces, and I believe that it will go on growing and increasing.

Mr. FORDNEY. No matter whether it has protection or not?

Mr. SMITH. I believe that a reduction of 10 per cent in the duty would not interfere with its growth, because, as I shall presently show you, it is now able to so heavily undersell some of the imported product that it is being driven from the market. I have the goods here to show that.

Mr. DALZELL. What is the home production, as compared with the importations?

Mr. SMITH. Oh, I should say that the home production constituted about 20 per cent and the importations about 80 per cent.

Mr. DALZELL. That is to say, the foreigner has 80 per cent of the market and the home producer 20 per cent?

Mr. SMITH. I think that is so.

Mr. BONYNGE. You are representing the importers?

Mr. SMITH. Yes, sir.

Mr. FORDNEY. Do you not think it would be better if we could produce the 80 per cent at home and let the foreigner have the 20 per cent of the market?

Mr. SMITH. I think that would be a very good thing in time, when the business has developed enough to supply the demand, which may come in time, and I think will.

Mr. FORDNEY. How long have we been developing this 20 per cent that we produce now?

Mr. SMITH. Well, I should say that the industry was scarcely known in this country twenty years ago.

Mr. DALZELL. We had it in the McKinley bill.

Mr. SMITH. It was 60 per cent in the McKinley bill.

Mr. BONYNGE. Do you think encouraging foreign importations would help to encourage the home industry?

Mr. SMITH. The home industry of making—

Mr. BONYNGE. The home industry of making these laces.

Mr. SMITH. I think it would not hurt it. I think it would help it, by bringing them within the reach of all persons, and by creating a taste for them and a desire for them there would be an increased demand which would inure to the benefit both of the importer and of the manufacturer here.

Now, with regard to the effect upon the industry here of a reduction of the duty, and the extent which the industry here is able to compete with the imported product under the existing duty of 60 per cent, I have a number of exhibits here to which I would like briefly to refer.

For instance, I have an article here which it costs the importer 95 cents to land in this country, including the foreign cost and the duty. It has been copied here. I have here the imported article and the

domestic copy. The domestic copy is sold here for 65 cents a yard, being 30 cents less than it costs the importer to land his product here, without any regard to his office expenses here or his profit.

Mr. FORDNEY. The same grade of the two articles?

Mr. SMITH. Why, Mr. Fordney, it seems to me that the domestic article is the better of the two. I hope to leave these exhibits here for the examination of your committee, and I think you will be satisfied that in these cases the domestic article is usually as good and frequently much better than the foreign article which it undersells.

Mr. CLARK. If the American article is as good as the foreign article or better, and they sell it cheaper, what is the reason the domestic article does not drive the foreign article clear out of the market?

Mr. SMITH. Because, Mr. Clark, the American article is made here, as you can see, to copy the foreign article, and the industry is not yet sufficiently developed in this country for them to have a force of designers and creators to get up styles and patterns; and they are at present confining themselves to just such things as this. [Exhibiting sample.]

Mr. CLARK. As I understand it, you present the most remarkable case that has been presented before this committee, and that is, in the first instance, that 80 per cent of all the laces that are used in the United States are imported and that they pay revenue to the extent of some twenty-five or thirty or forty million dollars; in the second place, that our people can make better lace than the foreigners, and undersell them in the American market—

Mr. DALZELL. And in the third place, that it is going to develop the industry by reducing the duty. [Laughter.]

Mr. CLARK. Now, if those facts are true, I can not understand, to save my life, why these people who have been making 3½ per cent on steel and less than that on lumber, and so on all down the line, do not stop that business and go to making laces and drive these foreigners clear out of the country. [Laughter.]

Mr. SMITH. Mr. Clark, I can only state the facts, and why they exist I can not tell. I know it is a fact, because I have the goods before me, and you can have them before you.

Mr. CLARK. I would not know anything about them if I had them before me.

Mr. SMITH. I know it is a fact that these people here in certain instances where they have copied the foreign design, have made the goods and sold them for less than the landed cost of the foreign article; and in some cases for one-third of the landed cost. I have a sample here, where it costs \$1.05 to land the foreign article, and where the domestic article is being sold for 35 cents. I do not know why that is. If there be anybody here representing the other side, they may be able to explain it. I say that the article can not be landed here on the cost of production on the other side, with the additions required by the Government, and the addition of 60 per cent duty, for less than \$1.05; and that the competing article is being sold here for 35 cents. I do not know why they do that. I should think if you could undersell a man and get the market you would charge 80 or 90 cents, and so make a bigger profit here. But I can only deal with the fact, and I can not give the explanation. I hold the article that I referred to just now in my hand. This is lace inser-

tion, and it costs to land here \$1.04. And here [indicating] is the article, the domestic article, which is an absolute copy of it; and so far as I can see, though I do not pretend to be an expert in laces, it is every bit as good, if not better than the other, and it is being sold here for 35 cents a dozen yards.

The CHAIRMAN. Do not all these things give you a slight suspicion that possibly you may be mistaken about the matter of undervaluation?

Mr. SMITH. Why, Mr. Chairman, how can it—

The CHAIRMAN. If the foreign goods are displacing all the American goods, notwithstanding the fact that you can make them cheaper?

Mr. SMITH. Oh, in this particular instance.

The CHAIRMAN. And where they can be laid down here and pay an honest duty?

Mr. SMITH. In this instance, if the goods were undervalued, a true valuation would have made the foreign price a little higher—that is, the landed price—and we would still have the 35 cents at which they are being sold here, so that the circumstances do not lead me to suspect an undervaluation; but it occurs to me that perhaps there might be an overvaluation.

The CHAIRMAN. Well, I guess I will have to give you up.

Mr. SMITH. Of course, I used that word in a joking sense. I do not know what the explanation of those facts is. I know the importer here can show his invoice, and show his goods that he has imported, and show what duty he has paid on them, and show that his landed cost was \$1.04; and I know that we can get an affidavit that the corresponding domestic article was purchased from a party named for 35 cents a dozen yards—these goods that I refer to. The domestic article to which I have referred is made by the American Textile Company, of Pawtucket, R. I.

Mr. GRIGGS. Is the domestic article just as good as the other?

Mr. SMITH. To me it looks better. I would be very glad to have you look at it.

Mr. GRIGGS. I could not tell anything about it.

Mr. SMITH. I will be very glad to submit the goods to an expert.

Mr. COCKRAN. Do I understand you to say that the domestic article is better than the foreign article, and that one sells for \$1.04 and the other for 35 cents a yard?

Mr. SMITH. I said that as to certain particular samples which I have in my hand. I do not mean to say, for a minute, that I believe that either the lace or the embroidery industry is sufficiently developed in this country for it to be truly said that they are making better goods here than they are making abroad. That I do not intend to say at all. I say that in this particular instance, where I have shown this discrepancy in the price, the domestic goods look to me to be just as good, and experts tell me they are just as good and sometimes better. Here I have another article which, so far as I can see, is identical, here and abroad. [Exhibiting samples.] The landed cost is 43½ cents, and they are being sold here by an American manufacturer for 39 cents. I have one here that it costs to land 30½ cents, and it is being sold here for 30½ cents. Here is one where the landed cost is 18½ cents, and it is being sold for 16½ cents by the American Textile Company, of Pawtucket, R. I.

Mr. LONGWORTH. Upon what do you base your estimate that if the tariff were reduced the supply would be greater—that the gross revenue would be greater?

Mr. SMITH. Because if it were sufficiently increased——

Mr. LONGWORTH. Reduced, you say.

Mr. SMITH. What I say is that if the volume of importation be sufficiently increased, 50 per cent on the amount imported will amount to more than 60 per cent on the amount now imported.

Mr. LONGWORTH. Quite true, if it increased; but upon what do you base your estimate that it will?

Mr. SMITH. My suggestion that the reduction will cause an increase of importation?

Mr. LONGWORTH. Exactly; and you are yourself bringing evidence to show that, although the European product is higher priced than the American—notwithstanding that—the American product is not driving it out of the market. If you reduce it still further, what is going to be the result? How will it increase the revenue?

Mr. SMITH. Because a reduction of the duty will enable the foreign exporters to supply goods here at cheaper prices and in greater quantities than they are now, and the reduction in the price of these goods will place them within the reach of people who now can not buy them, or enable them to get better articles for the same amount of money; and I believe that the increase in the demand for the article will be enough to increase the value of the importations to such an extent that 50 per cent of the new importations would be more than 60 per cent of the old. And I think, Mr. Longworth, that the experience in bringing in other classes of goods has shown the same result.

Mr. LONGWORTH. It is a speculation on your part? You simply think so?

Mr. SMITH. Oh, yes; it can be nothing else.

Mr. DALZELL. You think a decrease of the duty would increase the importations and also develop the industry in this country?

Mr. SMITH. I think it would do both. I think it would do both.

Mr. DALZELL. If the foreign manufacturer had 90 per cent of our market instead of 80 you think the domestic industry would be improved? [Laughter.]

Mr. SMITH. No; I do not think, Mr. Dalzell——

Mr. DALZELL. That is your argument.

Mr. SMITH. If you will excuse me, Mr. Dalzell, I do not think that an increase of the importations would necessarily mean at all that the foreign manufacturer would be getting the 90 per cent of our market. On the contrary, I expressly said that I believed that a decrease in the duty would not only increase the value of the importations, but that it would also increase the manufacture in this country.

Mr. DALZELL. I understand that.

Mr. SMITH. Yes.

Mr. COCKRAN. You mean it would increase the general use of lace?

Mr. SMITH. Yes, sir.

Mr. COCKRAN. To such an extent that while the total volume of importations might increase, yet the total percentage of the general use of laces might be less?

Mr. SMITH. That is exactly what I mean; yes, sir.

Mr. DALZELL. That is very well put, but the sense remains the same, notwithstanding. [Laughter.]

Mr. COCKRAN. Yes; that is his statement, not mine.

Mr. RANDELL. What are the laces made of?

Mr. SMITH. There are laces made of cotton and laces made of silk.

Mr. RANDELL. What kind of laces are principally made in this country?

Mr. SMITH. Made in this country?

Mr. RANDELL. Yes.

Mr. SMITH. I think silk.

Mr. RANDELL. Cotton laces are made principally abroad?

SEVERAL GENTLEMEN. No; that is not right; there are more cotton laces.

Mr. SMITH. There are more cotton laces made here. I understand.

Mr. RANDELL. There are more cotton laces made in this country?

Mr. SMITH. Yes, sir.

Mr. RANDELL. You are not an expert in the lace business?

Mr. SMITH. No; but I have a great many experts here, and I will be very glad to make way for one of them.

Mr. RANDELL. I thought you knew something about the lace business. You are simply a lawyer representing them, are you?

Mr. SMITH. Yes, sir; but I have experts here, and I should be very glad to give way to one of them who will be very ready to answer any questions regarding the industry that any member of the committee might like to put to him. With the permission of the chairman I will do that.

The CHAIRMAN. What is that?

Mr. SMITH. I say, the gentleman has asked me some questions which only an expert in the manufacture of lace can answer. I am, of course, a lawyer, and not an expert manufacturer; and I have suggested that with your permission I should be very glad to give way to an expert who can answer any questions that the committee might put to him.

Mr. DALZELL. Have they any bearing on the question of fixing the duty?

The CHAIRMAN. If you will give way we will call one.

Mr. DALZELL. I say, have they anything to do with the fixing of duty? [Laughter.]

Mr. RANDELL. We have a duty on laces.

The CHAIRMAN. You say you are anxious to give way to an expert. We will call one, if you really mean that.

Mr. SMITH. What I suggested, Mr. Chairman, was that I would be glad to give way for some one of the people that I represent, and who are here, who could answer questions from my standpoint.

The CHAIRMAN. Oh! How many people do you represent?

Mr. SMITH. I represent 48 houses.

The CHAIRMAN. No; I mean how many who are here?

Mr. SMITH. Oh, a dozen, probably—a dozen of the largest importers in the United States.

The CHAIRMAN. We can not hear a dozen to-night on this question.

Mr. SMITH. No; I understand that. I only suggested it because the gentleman here desired some information.

The CHAIRMAN. I am trying to get a little information myself. How many would like to appear?

Mr. SMITH. One or two.

The CHAIRMAN. One besides you?

Mr. SMITH. Yes.

The CHAIRMAN. And he is an expert?

Mr. SMITH. Yes.

The CHAIRMAN. And you will give way for him?

Mr. SMITH. Right away.

The CHAIRMAN. Well, let him come. [Laughter.]

**STATEMENT OF MR. ISAAC WEINGART, OF 285 CENTRAL PARK
WEST, NEW YORK CITY, N. Y.**

The CHAIRMAN. Proceed.

Mr. WEINGART. I do not know what line to proceed along, except that the remarks of the chairman were to the effect that, according to some one's suggestion, you might just as well put embroideries and laces on the free list as keep them where they are. I think the statistics of the Treasury Department show that these articles paid a duty of \$30,000,000 last year; so that quite a revenue has been collected. The method of invoicing the two articles, embroideries and laces, differs quite considerably. Laces are invoiced according to their purchase market price, whereas embroideries are invoiced to-day under strict regulations of the Treasury Department.

Mr. GRIGGS. I beg your pardon for a moment. I understood you to be an expert. What are you an expert in—the tariff, or laces?

Mr. WEINGART. In embroideries.

Mr. GRIGGS. Embroideries?

Mr. WEINGART. I am a manufacturer and importer of embroideries.

Mr. GRIGGS. You are an expert in those lines?

Mr. WEINGART. In that line; yes, sir.

The CHAIRMAN. Proceed.

Mr. WEINGART. Embroideries to-day are invoiced under the regulations and under the strict control of the Treasury Department. Under the present method of invoicing it is practically impossible to undervalue, unless the importer wants to commit gross fraud. The method of ascertaining the value of the goods is the best method which honest importers and honest Americans who are interested in the business have discovered. Under the old way of invoicing goods at market values, those importers who wanted to be honest in their importations were placed at a disadvantage as against those who were less scrupulous. But under the present system of invoicing the article is taken from its very beginning, the raw material—the raw cloth is figured at its cost at a price prescribed by the consul; the stitching, bleaching, finishing, and all other expenses are prescribed by the American consul; and to this cost of production is added 5 per cent for manufacturing expenses, and 8 per cent to make the market value—8 per cent or more, according to the description of the article, and according to its being more or less of a novelty.

The CHAIRMAN. You were called in to answer some technical questions that Mr. Griggs asked, as I understood.

Mr. GRIGGS. No; I have not asked any technical questions.

The CHAIRMAN. Mr. Randell—excuse me.

Mr. CLARK. Mr. Witness, I will ask you one question that I am very much interested in. That is, how does it happen that 80 per

cent of all the laces used in the United States are imported and that our lace makers undersell the foreign manufacturers all the time, and yet that our lace makers do not make enough laces to drive the foreigners out of the market?

Mr. WEINGART. I will explain that.

Mr. CLARK. I wish you would. It seems like a puzzle.

Mr. WEINGART. I will explain that in a measure. The industry in this country is a young one. Up to eight years ago the machine on which embroideries were made (I am speaking now principally of embroideries; I will speak on the lace question later) was a machine which measured in length 5 yards. Originally it was a hand machine, which measured four and a half yards, and which was controlled by hand. That is, the power was supplied by hand. Up to eight years ago the length of the machine on which these goods were made was 5 yards, making 10 yards with one operation. Up to two or three years ago the six-and-three-quarter-yard machine was the standard machine, and there were $13\frac{1}{2}$ yards made with one operation. To-day both of these machines in Switzerland have been relegated to the background, and a machine 10 yards in length, which makes 20 yards with one operation, has come into existence. In this respect the amount of labor and the cost of labor required to produce 20 yards are to-day almost equivalent to what they formerly were to produce 10 yards.

Mr. CLARK. That is exactly where the puzzle lies. If that is true, how does it happen that the American lace maker can undersell the foreign lace maker?

Mr. WEINGART. I am just coming to that. In the last few years these machines have been put up here. The less manual labor there is entering into the cost of production, the greater possibility there is for making these goods in this country. And the industry, while to-day it only constitutes, as has been said, 20 per cent, will in the next few years constitute a considerably larger per cent; because with the present duty it can manufacture goods for considerably less than the importer, and consequently will be able to get a larger hold. The number of machines that are in use in this country to-day is limited, simply because up to a year ago they could not get the machines. Up to a year ago the demand for the embroidery machines in Switzerland itself was so great that they could not supply the demand.

Mr. CLARK. Where are these machines made?

Mr. WEINGART. In Switzerland and in Germany.

Mr. CLARK. Do they make any in the United States?

Mr. WEINGART. No, sir.

Mr. CLARK. Are they very expensive machines?

Mr. WEINGART. Yes, sir.

Mr. CLARK. How much does it cost to start a lace factory?

Mr. WEINGART. It all depends upon the size and number of the machines. You can start a factory with one machine.

Mr. CLARK. And how much would that cost? Let us get right down to it.

Mr. WEINGART. A machine costs in Switzerland, put up ready for operation, \$2,000. There is a duty on it in this country; and it costs, I understand, to put up in this country, in the neighborhood of \$3,500.

Mr. CLARK. Why does not somebody make those machines in the United States?

Mr. WEINGART. Because they are covered by patents. There are patents which cover them. They are patented machines.

Mr. CLARK. Judging from your statement, it looks as though anybody that had \$100,000, for instance—and that is a very small amount to invest in one of these manufacturing concerns—could start business here in six months.

Mr. WEINGART. They are starting business.

Mr. CLARK. How long will it take, under the present conditions, for the American lace manufacturers to drive these foreign manufacturers out of the market?

Mr. WEINGART. Under the present duty?

Mr. CLARK. Yes.

Mr. WEINGART. Just as long as it takes them to develop the incidental manufacturing accessories to the business. It is not only the machine work, but it requires, beside that, some other finishing work.

Mr. CLARK. Well, go on in your own way. The more I ask, the less I know. [Laughter.]

The CHAIRMAN. This is a real infant industry that you are talking about now—lace making. It is only 8 years old.

Mr. DALZELL. And you are going to develop it by reducing the duty?

Mr. WEINGART. We do not claim that we can do it by reducing the duty; but if we let the duty stay where it is we will develop a protected industry which will be able to undersell the imported article at a lower duty than 60 per cent.

Mr. DALZELL. Then you are for maintaining the present duty, are you?

Mr. WEINGART. No; we are for reducing the duty to 50 per cent. I say if you reduce the duty to 50 per cent you will, nevertheless, foster the industry.

Mr. DALZELL. By increasing the importations?

Mr. WEINGART. I did not say by increasing the importations. The result of a reduction of the duty will first be to increase the importations; but you can not build up an industry such as the lace and embroidery business over night. It takes years and years to build up an industry in a foreign country. The industry has grown abroad, and it will grow here; but it can not grow over night. It will take several years to do it.

The CHAIRMAN. We have forgotten Mr. Randell and his questions.

Mr. RANDELL. My question was, What percentage of laces are made of cotton?

Mr. WEINGART. What percentage of laces?

Mr. RANDELL. Yes.

Mr. WEINGART. According to the statistics, the silk laces paid a duty of \$8,000,000 (speaking from the last report), and cotton laces paid \$16,000,000. Sixteen million dollars revenue was collected on cotton laces, and some \$8,000,000 on silk laces.

Mr. GRIGGS. That was the revenue?

Mr. WEINGART. That was the revenue; and there were some \$9,000,000 collected on embroideries—cotton embroideries.

Mr. RANDELL. What percentage of the manufacture in the country is of cotton?

Mr. WEINGART. What percentage is of cotton?

Mr. RANDELL. Yes.

Mr. WEINGART. I can not say offhand, but I think a little more than half, possibly.

Mr. RANDELL. What percentage of silk is manufactured in this country?

Mr. WEINGART. I should say it is not quite half.

Mr. RANDELL. Are they all manufactured of either cotton or silk?

Mr. WEINGART. Either of cotton or silk; yes. There are some that silver and gold enter into, but they are made on a web.

Mr. RANDELL. In manufacturing laces in this country, is the production in any way hampered by a tariff on raw material?

Mr. WEINGART. In laces?

Mr. RANDELL. Yes.

Mr. WEINGART. No; the laces are made on a machine, and all they need is cotton. Cotton here is cheaper than it is abroad.

Mr. RANDELL. They import the silk that they use in this country for making laces, do they not?

Mr. WEINGART. Possibly in the silk manufactories they are hampered on the raw material.

Mr. RANDELL. Do the laces manufactured in this country come in direct competition with the laces that are imported?

Mr. WEINGART. They do.

Mr. RANDELL. Then you have no other argument for your statement that the industry will be benefited excepting that the use, the consumption, will be stimulated by a reduction of the duty, 10 per cent? That is your only contention?

Mr. WEINGART. That is the only contention—that if the duty were reduced it would bring it within the scope of a larger buying public.

Mr. RANDELL. You maintain that if the duty was reduced 10 per cent it would not interfere with the developing of the industry in this country?

Mr. WEINGART. No, sir; it would not.

Mr. RANDELL. But in the meantime, while the industry was developing, the people would be paying a higher price than was necessary to the producer in this country by reason of the protective tariff?

Mr. WEINGART. Well, they would; yes; but the domestic portion of the manufacturing end of it plays a small part. They would be practically paying the Government the revenue, or the difference between the duty of 60 and 50 cents.

Mr. RANDELL. The Government will get that?

Mr. WEINGART. Yes.

Mr. RANDELL. But that, as reflected in the cost of the domestic article, would go to the manufacturer?

Mr. WEINGART. The domestic manufacturer could, if he so desired, simply maintain his price below or equal to the price of the imported article.

Mr. RANDELL. But I understand you to say that the price of the domestic article is so widely different, so much lower than the price of the foreign article, that the domestic manufacturer is not taking advantage of the tariff in making his price to the consumer here.

Mr. WEINGART. The cases submitted are special cases. It happens that these samples submitted were made for copies. A man who had an imported sample gave it to a domestic manufacturer without disclosing his cost price, and on the calculation of the manufacturer he made

that price. Now, he may have made the price which shows such a large discrepancy on a miscalculation in the one instance.

Mr. RANDELL. Then you do not mean to say that those instances cited there by your attorney really represent the prices of domestic laces to the consumer in this country?

Mr. WEINGART. All but one. The one where the great discrepancy is I am not in a position to explain. But the others are less than the cost of importation.

Mr. RANDELL. Do you mean to say that the lace manufacturers in this country comprise one industry that does not take advantage of the tariff to raise the price to the consumer?

Mr. WEINGART. The lace industry is still in its infancy. There is no combine.

Mr. RANDELL. The fact that it is in its infancy does not keep the manufacturers from taking advantage of the tariff wall to put their price up to the consumer in this country, does it?

Mr. WEINGART. No; but the manufacturer takes advantage as much as he can to introduce his goods. Their domestic goods to-day have almost got a sort of a hindrance. A man is not as apt to buy a domestic article as he is an imported article in our line, because the domestic manufacture is still an experiment. The domestic manufacturer has got to convince the purchaser, the consumer, that his article is equal to the imported one.

Mr. RANDELL. Is not your position a good deal speculative in reference to this matter?

Mr. WEINGART. No; we know that the manufacturers in this country can produce these goods for considerably less money than the importer can. It is not experimental. The wage-earner, the man who is working on a lever machine in this country, producing laces, gets the same salary and no more than a man working abroad.

Mr. RANDELL. Suppose we had a prohibitive tariff on laces—would the manufacturers in this country be able to supply the market at present?

Mr. WEINGART. No, sir.

Mr. RANDELL. Is that the reason that, in your opinion, the foreign manufacturer can come in to such a large extent?

Mr. WEINGART. Unquestionably.

Mr. RANDELL. It is because of the lack of production in this country?

Mr. WEINGART. As far as embroideries are concerned, there are some 600 machines here.

Mr. RANDELL. With the introduction of machinery, could not this industry be very soon brought to the point where the domestic manufacturer could supply the home market entirely?

Mr. WEINGART. Yes, sir; and that will be done. If the duty remains above 50 per cent, it will enable them to exclude the foreign manufacturer eventually—as soon as they can equip factories and get the various other things that are necessary to the manufacturing of these goods. For instance, during the last two years there has been a machine brought out which cuts the threads on embroideries. This was formerly done by manual labor, by girls and women at home, and the conditions under which this work was done simply barred those goods from this country. They could not be made here.

To-day there is one machine which does the work of 200 or 300 operators.

Mr. POU. Where is your factory located?

Mr. WEINGART. Our factory is located at a suburb of St. Gall, Switzerland.

Mr. POU. You are not manufacturing inside the United States, then?

Mr. WEINGART. We are not manufacturing in the United States at the present time, but we have every reason to believe that we will. The industry at present, as I say, is in its experimental stage, and as soon as conditions are such that we are in a position to start right, while I do not speak for myself, I know that there are several houses in our line that are contemplating starting factories in this country, no matter whether the duty remains at 60 or whether it is reduced to 50 per cent, or whether it is reduced even lower, embroideries and laces will be made in this country.

Mr. RANDELL. Are you not more liable to make them here with 60 per cent duty than you would be with 50 per cent?

Mr. WEINGART. No. [Laughter.]

The CHAIRMAN. Is there anything more?

Mr. RANDELL. As Mr. Clark says, that is the puzzle.

Mr. WEINGART. We have no assurance that it will remain that way.

Mr. CLARK. Mr. Witness, are you an American citizen?

Mr. WEINGART. I am; I was born here.

Mr. CLARK. You are running this lace business over at St. Gall, Switzerland?

Mr. WEINGART. Am I running it?

Mr. CLARK. Yes.

Mr. WEINGART. In connection with my partners; yes.

Mr. CLARK. Is not that the very place where there was such a wonderful undervaluation of laces some years ago—right in that neighborhood?

Mr. WEINGART. I understand that there were some investigations at that time.

Mr. CLARK. They dug up some marvelous facts. There is not one woman out of five thousand who can tell a piece of foreign lace from domestic lace, is there? That would be a very large percentage, one out of five thousand that can tell, would it not?

Mr. WEINGART. It would all depend upon how well the article was made. There are some poorly made domestic goods and some well made; but there are some very poor imported goods, also.

Mr. CLARK. I am assuming that both articles are well made.

Mr. WEINGART. No woman would; no, sir.

Mr. CLARK. It takes an expert?

Mr. WEINGART. Yes, sir.

Mr. CLARK. Then what is the reason they can not sell the American laces as high as they do the foreign laces—laces of the same quality?

Mr. WEINGART. Because they have not yet reached that stage where they come to the "ultimate consumer," as you say. They are now only able to supply the manufacturing industries. They are only able to import their goods through the cutting-off trade. A woman would not know the difference.

Mr. CLARK. Suppose you lay a piece of American lace down here and another piece over here of Swiss lace, one of them being as good

as the other, and a woman can not tell "t'other from which," how does it happen that they buy the foreign lace in preference to the American lace? There must be some reason or explanation for that.

Mr. WEINGART. There is such a thing as a prejudice against an article. You have got to convince the buying public, the man who is going to put his money into it when he buys it from you, that the article you are selling him will wear as well and will suit as well as the article that he has been buying for years.

Mr. CLARK. Do you suppose that there is one American woman out of five thousand that cares a straw whether she is buying foreign lace or American lace, just so that she gets the kind of lace she wants?

Mr. WEINGART. It is not put up to the American woman; it has not reached that stage yet.

Mr. CLARK. The quicker they do it, then, the better off they will be.

Mr. WEINGART. They are only able to supply a certain amount of the consumption.

Mr. CLARK. Suppose we granted what you ask and cut this tariff down from 60 per cent to 50 per cent, would that make laces sell one single solitary cent cheaper to the woman who buys the laces over the counter?

Mr. WEINGART. Yes, sir.

Mr. COCKRAN. Where does it go? You say it does not reach the American woman. What becomes of this American product?

Mr. WEINGART. It is used in the manufacture of underwear principally.

Mr. COCKRAN. That ultimately reaches her, does it not? [Laughter.]

Mr. WEINGART. Yes, sir; but she does not buy it as foreign goods.

Mr. COCKRAN. How does she get to it? It would not rain down to her like manna from heaven?

Mr. WEINGART. Oh, she gets it at some price through the hands of men better qualified to judge as to the value of the article than she—the manufacturer. He knows the difference between an imported article and the domestic article better than the woman who buys a skirt made up or a piece of embroidery. He buys his goods at a very close margin and knows from whom he buys them, and he demands from the domestic man a larger concession or a concession before he will buy that article. His preference is the imported article he has had for years, and he knows the quality of it.

Mr. COCKRAN. Of course this is a mystery, but I do not see why the foreign laces might not be placed upon the ladies' garments just as well as the domestic laces. How can she tell the difference?

Mr. WEINGART. She does not.

Mr. COCKRAN. Why is it the domestic garment seems to be singled out from the garments you describe?

Mr. WEINGART. I do not say so. There are more imported goods used to-day in the manufacture than domestic goods, because the domestic goods have not yet reached a stage where they can supply the demand.

Mr. COCKRAN. And for that reason they are used in these peculiar garments?

Mr. WEINGART. They are used in them, and so are the others—both the foreign and the domestic.

Mr. COCKRAN. I do not see the logic of the thing. It seems to be an uncertainty.

The CHAIRMAN. Perhaps there is no logic there.

Mr. COCKRAN. Perhaps that is true.

The CHAIRMAN. That is all, Mr. Weingart.

Mr. SMITH. Mr. Chairman and members of the committee, I just want to answer Mr. Clark's question that he asked. You wanted to know, Mr. Clark, why the American manufacturer can not sell his laces when he can make them just as well and for the same price as the foreigner. He can for a few days. Then they take his laces and send them to Nottingham and make his laces for 5 per cent less, and then vain desire on the part of the American to own goods for a little less all the time does the rest of the business.

Mr. COCKRAN. Do you mean to say that in order to sell the same article, they send it over there and then bring it back and sell it for 5 cents less?

Mr. SMITH. Yes.

Mr. COCKRAN. Do you mean to say they send lace over to Nottingham and sell it for 5 cents less?

Mr. SMITH. I do not say as to the price. I said for 5 per cent less.

Mr. COCKRAN. Even then, what sense would there be in buying an article here and sending it over there in that way?

Mr. SMITH. Because they use it in such large quantities. Take this concern he mentioned, the American Textile Company. We get a lace from them at 40 cents a dozen. It is selling first rate. We are operating on it very satisfactorily, and we send it over to Nottingham and find they will make it over there for 37½ cents, and we give them a good big order that shuts out the American Textile Company for about three months. In the meantime they get no duplicates of our order, and they come around to see what is the matter, and ascertain that to be the case.

Mr. CLARK. Why do you send it to Nottingham at all?

Mr. RANDELL. I understand the witness to say he sends it to Nottingham to be imitated, not to be sold. He sends the pattern over there to be imitated.

Mr. SMITH. That is it exactly.

Mr. RANDELL. That is, this pattern that has been built up here?

Mr. SMITH. It might have been built up there. It might have come from there originally.

Mr. RANDELL. And they take that pattern and make cheaper goods?

Mr. SMITH. Yes; they cheapen the quality.

Mr. LONGWORTH. Did not the last witness say all our American laces are a copy of European laces? They copy them over here and then take them back and copy them over there from the first copy? Is that what you are trying to tell us?

Mr. SMITH. There is a great deal of copying.

Mr. GRIGGS. On which side of this question are you?

Mr. SMITH. I am on neither side. I am here simply to tell you some facts. I want to tell you that changing the duty from 60 per cent to 50 per cent on laces will not increase the consumption, and I will tell you why. The reducing of the duties to 50 per cent—if you will just take a pencil and put down these figures—taking a dollar's worth of goods, the duty of 60 per cent brings it up to \$1.60, plus 5 per cent makes it \$1.68. Take the same piece of goods with a duty of

50 per cent, and the duty brings it up to \$1.50, plus 5 per cent, which would bring it to \$1.57½. There is a difference of 10 cents on \$1.68 worth of goods, and there is no woman in the United States can tell the difference. It is the difference between 25 cents a yard and 24 cents a yard.

Mr. DALZELL. Are you for reducing the tariff?

Mr. SMITH. I am not, at that rate. If you are going to reduce the duty, cut it down to 35 per cent.

The CHAIRMAN. I think you are perfectly understood.

Mr. CLARK. I understood the last end of that statement perfectly.

Mr. SMITH. You do not understand the other?

Mr. CLARK. No; and I will give that up. I will just waive that.

The CHAIRMAN. I guess that is all, Mr. Smith.

We will now hear from Mr. A. P. Traber, representing the Lace and Embroidery Manufacturers' Association of the United States.

STATEMENT OF MR. A. P. TRABER.

Mr. TRABER. I represent, if the committee please, the Lace and Embroidery Manufacturers' Association of the United States. I am a manufacturer myself, and we have not employed counsel, and we believe that the facts and figures which I am about to present will be sufficient and will speak for us.

Mr. POU. Do you want the duty increased or decreased?

Mr. TRABER. We would like to get it increased.

Mr. POU. An increase? Do you want it put up or down?

Mr. TRABER. Put up. [Laughter.] Our industry includes about 200 firms or corporations, and each of those firms or corporations has over 100 machines. No trust or combination has ever existed in our industry. We wish to call your attention particularly to Schedule A—flax, hemp, jute, and the manufactures thereof, paragraph 339.

The articles in this paragraph in which we are especially interested are machine-made cotton embroideries and machine-made cotton embroidered laces. These goods are essentially luxuries. Under the present act they pay a duty of 60 per cent ad valorem. The importation of these goods has doubled within the past six years, and in 1907 about \$18,000,000 worth were imported from Switzerland and about \$5,000,000 worth from Germany, while in the United States only about 10 per cent of that quantity has been manufactured during that period. None of these goods have been manufactured in this country for export.

These figures show conclusively that the United States manufacturer has been unable under the existing tariff to compete with the European manufacturer. We therefore ask that a sufficient duty be assessed to cover the difference between the cost of production in Europe and in this country. To enable your committee to decide as to the reasonableness of the duty which we desire, we submit herewith figures showing all the elements which enter into the cost of the production of these goods in Europe, which figures are taken from the official report of the special agent of the Department of Commerce and Labor; also figures showing the average cost of producing the same goods in this country, which latter figures have

been obtained from different United States manufacturers and can easily be verified.

In order to cover the difference in cost between the labor and expenses here and abroad in the manufacture of these goods, our figures show that a duty at the rate of one-fifth of 1 cent per yard per 100 stitches of the design and 50 per cent ad valorem would be required.

We therefore ask respectfully instead of the present duty of 60 per cent ad valorem, a duty at the rate of one-fifth of 1 cent per yard for each 100 stitches of the design and in addition thereto 50 per cent ad valorem. This duty would be far from a prohibitive one and would barely suffice to put us on a parity with the foreign manufacturers so we can make the finer grade of goods which we are especially desirous of manufacturing.

We inclose paragraph covering these articles which we respectfully ask to have inserted in Schedule J.

At the end of paragraph No. 339, add the following:

And it is further provided that any of the articles enumerated in this paragraph which are embroidered on the Schiffli embroidering machine shall pay a duty at the rate of one-fifth of 1 cent per yard for each 100 stitches of the embroidery produced by one needle, and in addition thereto 50 per cent ad valorem, each penetration of the fabric by the needles of this embroidering machine to be penetrated as one stitch.

And it is also provided that any of the articles enumerated in this paragraph which are embroidered on the machine known as the Swiss embroidering machine operating with double-pointed needles, shall pay a duty at the rate of one-fifth of 1 cent per yard for each 20 stitches of embroidery produced by one needle, and in addition thereto 50 per cent ad valorem, two penetrations of the fabric by the needles of this embroidering machine to be counted as one stitch.

Mr. Traber filed the following detail of calculation:

Calculation is based on the pattern shown in figure No. 4, on page 25, in the 1908 report of the special agent, Mr. W. A. Graham Clark, of the Department of Commerce and Labor:

	Francs.	
Cotton cloth (muslin) 2 by 6½ yards, 55 inches wide.....	8.00	or \$1.54
Bleaching, etc	2.04	or .51
Power, oil, etc	1.30	or .25
Yarn	4.86	or .94
Expenses, 5 per cent	1.10	or .21
Boxes, case, etc .....	.20	or .04
Legalization .....	.01	or ----
Freight and insurance .....	.29	or .06
Profit, 25 per cent	5.28	or 1.01
Stitcher	2.59	or .50
Overseer .....	.97	or .19
Shuttle filler .....	.65	or .13
Mender .....	.65	or .13
Cutting out, 10½ aunns .....	.21	or .04
Making-up .....	.86	or .07
Total	29.11	5.62
If 50 per cent ad valorem duty be added		2.81
One-fifth cent per 100 stitches per yard		1.75
Total landed cost will be		10.18

As against \$10.58, domestic cost, as shown on following page.

Calculation is based on the cost of making the foregoing pattern in the United States (on figures obtained from various United States manufacturers).

Cotton cloth (muslin) 2 by 6½ yards, 55" wide, at 13½ cents per yard	\$1.82
Bleaching, etc., 13½ yards, at 3 cents per yard	.41
Yarn, 26 ounces, at 7 cents per ounce	1.82
Power, oil, etc	.25
Stitcher, 6,474 stitches (American count), at 18 cents per 100 stitches	1.17
Overseer, three-eighths of a day, at \$1.50 per day	.56
Shuttle filler, three-eighths of a day, at 75 cents per day	.28
Mender, three-eighths of a day, at \$2 per day	.75
Cutting out six strips of 6½ yards per strip, at 3 cents per strip	.18
Making-up, cards, wrappers, and boxes	.08
Manufacturing expense, 15 per cent	1.10
Profit, 25 per cent	2.11
Total	10.53

Calculation of a design made on a 5-yard hand-embroidery machine six-quarter rapport as it would cost in Switzerland.

	Francs.
2,100 stitches, including yarn, threader, etc., at 0.34 franc per 100 stitches	7.14
10 yards muslin, 40 inches wide, at 0.55 franc per yard	5.50
Cutting out 14 strips, 5 yards each, at 0.4 franc per yard	.58
Bleaching, etc	1.50
Boxes, case, etc	.75
Expenses, 5 per cent on 15.45 francs	.77
Profit, 25 per cent on 16.22 francs	4.06
Legalization	.01
Freight and insurance	.29
Total	20.58
Equal to	\$3.97

Cost of the above pattern made in the United States.

Stitches, 2,100, at 12 cents per 100 stitches	\$2.52
Threader, one day	.25
Yarns (21 naedlig), at 5 cents	1.05
Muslin, 10 yards, 40 inches wide, at 12 cents per yard	1.20
Cutting out 14 strips, at 2 cents per strip	.28
Bleaching 10 yards, at 3 cents per yard	.30
Carding and boxing	.15
Manufacturing expense, 12 per cent	.81
Profit, 25 per cent	1.89
Total	9.45
Foreign cost	\$3.97
If 50 per cent ad valorem duty be added	1.99
One-fifth cent per yard per 20 stitches	2.10
Total landed cost will be	8.00

The CHAIRMAN. Are there any questions to be asked of Mr. Traber? Apparently not.

We will now hear from Mr. Kursheedt, of 139 West Sixteenth street, New York City.

STATEMENT OF MR. A. H. KURSHEEDT, OF NEW YORK CITY.

The CHAIRMAN. You may proceed, Mr. Kursheedt.

Mr. CLARK. Are you a manufacturer or importer?

Mr. KURSHEEDT. I have been manufacturing these goods since 1875.

Mr. POW. Is your factory located in this country or abroad?

Mr. KURSHEEDT. In New York City and out in New York State.

The CHAIRMAN. Well, you may proceed.

Mr. KURSHEEDT. In relation to this class of goods, I beg to state that when the prices were higher the largest quantities were imported. That is to say, when prices were 33 $\frac{1}{3}$ per cent higher than they are to-day the largest quantities were imported, which, of course, does away with the idea that any reduction of duty would increase imports, and when the prices have been lowest there have been the lowest amounts imported, it being altogether a matter of fashion; at least fashion to a great extent governs their use and governs their importation.

Now, in relation to these laces that they quote as being so cheap in comparison with the imported goods, without knowing specially about this one sample, I might give an instance that many years ago the company with which I am identified imported a large number of what were termed "lever lace machines," and after the fashion of silk laces went out—those were not embroidery machines, but were lace machines—we undertook to make these cotton laces. We sold them cheap until I think we lost nearly \$100,000, and then we sold those machines, and since that time they have passed through the hands of two other concerns. There was a large lace manufactory out West that failed and its machines went into somebody's else hands. Of course in this country, where we have not sufficient protection, it is very often necessary to sacrifice our goods in order to keep an organization together, because when you once lose your skilled help it is sometimes very difficult to get an organization in good shape again.

Now, as regards the idea of these being necessities of life, of course that is absurd. Take an ordinary colored woman who might live down South, and a common kind of embroidery would be something grand to her, while, on the other hand, a very fine lace would be the material for a lady. These things are purely relative. I remember very well at the time the Wilson bill was in progress a gentleman of the Ways and Means Committee raised that same question, and I went to a place where they sold photographs and purchased some groups of royal families, etc., and showed them to him, and not a single one out of the parties represented in those photographs had a bit of lace or embroidery on their garments. What they might have had on underneath I do not know. What they wear underneath they can dispense with if necessary or if they are starving.

So far as competition at present prices is concerned, not a long while ago I took some of our handsomest products, or sent them by a salesman, to a large importing house, and my salesman came back with the word that I would have to sell at their prices, and I offered them at 25 per cent below my prices, because I thought it might give me an extra outlet and help tide over the bad times existing to-day; so that if I can compete with them successfully, except when there is a scarcity, I do not know it.

Machines here have been mostly used in making specialties for this market. When we first commenced manufacturing in 1875, we had to introduce a number of articles in this country in order to keep our plant going, and a single instance might be cited. There is a gentleman in this room now who was one of our first customers, buying an article called "embroidered slippers," and who gave us large orders for them. That was an article not imported at all. We also introduced other goods in this country that the demands might require, which were not imported at all. Since that time, occasionally, when there has been a scarcity, we have made goods in competition with theirs, but that has been very slight. On the other hand, the designs which we have been to great labor and expense to get up, and designs which were reasonable with us, have been sent to Europe and copied and sent back here at prices with which we could not compete.

Mr. UNDERWOOD. Are you satisfied with the present schedule?

Mr. KURSHEEDT. No, sir. It is quite impossible for us to compete to-day on the better classes of goods. The very moment there is a sufficient supply of the better classes of goods imported, it is impossible for us to compete.

Mr. UNDERWOOD. Under the present schedule you have been developing your business, have you not?

Mr. KURSHEEDT. At times we have. At other times we have made enormous losses, because we really were dependent upon fashion.

Mr. UNDERWOOD. It has been sufficient inducement for you to stay in the business, has it not?

Mr. KURSHEEDT. We have been able to remain in the business, but our lowest competitors that we had originally are now out of the business; I do not know that there is one out of a dozen left.

Mr. UNDERWOOD. You expect to remain in business if the present schedule is continued, do you not?

Mr. KURSHEEDT. Speaking for myself personally?

Mr. UNDERWOOD. Yes.

Mr. KURSHEEDT. I do not know. Sometimes it is very hard to get out of business when you want to.

Mr. POU. How much increase are you asking in the tariff rate?

Mr. KURSHEEDT. I think according to these schedules, it would be, on the fine goods, about 75 per cent.

Mr. UNDERWOOD. Not that much increase? You mean you want it increased to 75 per cent?

Mr. KURSHEEDT. Yes, sir; that is the idea.

Mr. UNDERWOOD. Would that enable you to sell your manufactured products cheaper?

Mr. KURSHEEDT. That would enable us to do more business, and at the same time, I think, on that particular class of goods the increase in duty will make up any possible difference in sales, because, as I stated before, it is not the price of the goods if they really want the goods.

Mr. UNDERWOOD. If you get what you ask for—this protection of 75 per cent—would that eventually enable you to sell at somewhat lower prices?

Mr. KURSHEEDT. On a great many goods; yes. On cheaper goods there certainly would be a lowering of prices. There is no question about that, that on the cheaper goods there would be a lowering of prices, because there would be more domestic competition.

Mr. UNDERWOOD. The more protection given to the manufacturer the lower that enables him to sell his goods?

Mr. KURSHEEDT. I am not meaning to say that. I mean to say the domestic manufacturer will compete and make his prices lower. I understood your question to mean whether the consumer would get the goods cheaper.

Mr. UNDERWOOD. Several gentlemen stated that here, and I do not know whether you subscribe to that view point or not.

Mr. KURSHEEDT. Do I understand you to say you want to know whether the consumer would get the goods cheaper?

Mr. UNDERWOOD. Yes. If we give you the protection, would that enable you to sell the goods cheaper to the consumer?

Mr. KURSHEEDT. I think the consumer will get the goods cheaper because of competition.

Mr. UNDERWOOD. Certainly.

Mr. KURSHEEDT. But at the same time the advantage to us would be that if we could operate our machines more steadily and not have our plants at times stopped, perhaps, for six months—

Mr. UNDERWOOD. That is, the more protection we give you, the more you are able to do for the people who buy the goods?

Mr. KURSHEEDT. The ultimate result is and has been in a great many cases that the consumer is benefited by it. I do not question at all but on this ordinary, these common goods, a person could manufacture for stock, and we certainly would have to sell very cheap, of course, and the consumers would get the benefit of it.

Mr. LONGWORTH. Would your proposition in that case increase or decrease the revenues of the Government?

Mr. KURSHEEDT. I think the revenues would probably be increased. I think the increase would compensate for any difference there might be in the amount imported.

Mr. LONGWORTH. Then you do not agree with the gentleman who spoke a while ago, who said the reduction to 50 per cent would increase the revenue?

Mr. KURSHEEDT. On the contrary, I know it is a fact that goods sold more largely when they were highest in prices. A year or two ago, when we had the highest prices, they could not get goods enough to supply the market, and to-day they are coming over at lower figures and it is harder to sell them.

Mr. RANDELL. How could the tax be reduced and thereby bring in more foreign goods and at the same time decrease the price to the consumer and make more goods produced at home?

Mr. KURSHEEDT. The idea is this: If you increase the duty, that is in the nature of an increase. On the other hand, if there are less goods imported it is in the nature of a decrease.

Mr. RANDELL. You say the increase in the tariff will decrease the price to the consumer, and yet by an increase of the tariff you will have more imports because of the increase in the price? How can both be correct?

Mr. KURSHEEDT. That is not correct.

Mr. RANDELL. That is what you said.

Mr. KURSHEEDT. What I stated was that the competition here would naturally, on the lower classes of goods, reduce the price.

Mr. RANDELL. But if the manufacturers here desire to join together by common consent, then they could increase the price to the

consumer and be in condition to compete that much more with the foreign manufacturers at the same time, could they not?

Mr. KURSHEEDT. There is a peculiar situation in relation to that. That is, a man with very small capital can engage in that business, and it is a fact to-day, although there are large plants in Switzerland, any number of machines are owned by individual persons, and also there are machines throughout the United States, even out in California, that belong to one man, one man often owning one or two machines. A workman having only \$100 or \$200 can engage in one branch of the industry.

Mr. RANDELL. Would it not decrease the imports and increase the consumption of domestic goods?

Mr. KURSHEEDT. It might decrease the imports, but perhaps not if the demand is large enough. The imports have doubled in six years. Of course, any such further increase or anything proportionate to it would take up that difference, and the increase in the duty would compensate probably for the loss on imports.

Mr. GRIGGS. A man stated here the other day that his business had been protected so long he could not get along without protection. Now, you say yours is so young it can not get along without it. Is that a correct statement?

Mr. KURSHEEDT. When we started in we had a duty of 35 per cent—

Mr. GRIGGS. Wait a minute. I asked a question, and it could be answered categorically, yes or no. I said a man stated here the other day that his business had been in existence so long he could not get along without protection. You say yours is so young it can not get along without it. Is that a correct statement?

Mr. KURSHEEDT. We never have had adequate protection.

Mr. GRIGGS. Sixty per cent is not adequate?

Mr. KURSHEEDT. Not where the labor is a very large factor.

Mr. GRIGGS. A gentleman stated here a few moments ago that machines have been invented that do the work of two or three hundred laborers. Where does that labor factor come in?

Mr. KURSHEEDT. Perhaps his statement was like a good many other statements.

Mr. GRIGGS. You mean it was not correct?

Mr. KURSHEEDT. That depends on what he means by it.

Mr. GRIGGS. Was it true or not true?

Mr. KURSHEEDT. On certain articles you can hardly compare hand embroidery with this particular kind of machine embroidery he described. What he meant, probably, was that one of those machines did the work of a large number of hand embroiderers. At one time, I believe, in Ireland, seventy-five or one hundred years ago, there were about 250,000 women doing hand embroidery; but when they introduced the first machines in Switzerland after a number of years Ireland nearly lost that industry. They felt the competition very keenly. In that way perhaps he meant that one machine would do the work of that number—in that way. Nevertheless there are a large number of women to-day, perhaps just as many, engaged in making hand lace.

Mr. GRIGGS. If I understand anything from what you said—and you can say more than any man I ever talked to—

Mr. KURSHEEDT. Thank you.

Mr. GRIGGS. Without saying anything—you say that he was perfectly correct in making that statement. Is that correct?

Mr. KURSHEEDT. I did not quite understand you, apparently.

Mr. GRIGGS. Did you say his statement was correct, that you have a machine that will perform the labor of 200 or 300 people—say 200? I will throw off the other hundred.

Mr. KURSHEEDT. As I explained the hand embroidery—

Mr. GRIGGS. Can you not tell whether the man was telling the truth or not?

Mr. KURSHEEDT. If you can tell me exactly what he means, perhaps I can. I am trying to interpret his meaning.

Mr. GRIGGS. He said a machine has been invented which takes the place of 200 or 300 laborers. Now, is that the truth or not? That is what I want to know, and while I want to be perfectly respectful to you, I want an answer to my question.

Mr. KURSHEEDT. If I can understand exactly what he means, I take it as meaning that it supplants the hand embroidery, but the hand embroiderer works right along beside that machine, and sells hand embroidery that that machine does not affect practically at all.

Mr. GRIGGS. I did not ask if such a machine had been made. He said a machine had been invented which took the place of 200 or 300 laborers. I do not care who invented it, why it was made, why it is manufacturing now, where you have to get it, or anything about it. I want to know if he told me the truth when he said that.

Mr. KURSHEEDT. Naturally he told the truth. There are lots of things invented that do that—not for manufacturing laces, but only for cutting the threads, I think is the machine he meant.

Mr. GRIGGS. Then, that was not so?

Mr. KURSHEEDT. The impression he conveyed to you was not so.

The CHAIRMAN. He said, "That was not so?" Say yes or no to that question. You can answer that without making a speech.

Mr. GRIGGS. I do not believe he can.

The CHAIRMAN. Then he need not answer it at all.

Mr. GRIGGS. I hear very often the expression among the ladies of "lace" and "real lace." What is the difference?

Mr. KURSHEEDT. Real lace is made by hand, and the other lace is made by machine.

Mr. GRIGGS. Do you believe the American women are ever going to be persuaded to buy very largely of our homemade laces?

Mr. KURSHEEDT. Do I believe American ladies will buy American laces?

Mr. GRIGGS. Yes.

Mr. KURSHEEDT. I know it, because we sell them.

Mr. GRIGGS. That is the only thing I have found out you knew since I have been talking to you.

The CHAIRMAN. I do not think the American women are half as foolish as some of you men think.

If that is all, Mr. Kursheedt, we will hear from some one else. Mr. Parkes seems to be on the list next. Is Mr. Parkes present?

STATEMENT OF MR. W. M. PARKES, OF BROOKLYN, N. Y.

Mr. PARKES. Mr. Chairman and gentlemen of the committee, I will try to be as brief as possible. I wish to say at the outset that I perhaps represent a new line of embroidery. We are now manufacturing a set of embroideries such as doilies, centerpieces, and the like. I will give you just a little idea of what has taken place in connection with paragraph 339. In that paragraph there is nothing said about doilies. This article which I now exhibit to you is a centerpiece—

The CHAIRMAN. Under what duty do they come in now?

Mr. PARKES. Sixty per cent.

The CHAIRMAN. What is the use of having anything said about them if they are coming in under a 60 per cent duty?

Mr. PARKES. There is a protest before the courts at the present time—

The CHAIRMAN. We will look that over very carefully. We have all the decisions here, and will go over them very carefully. All you need is to mention it, so we may refer to it.

Mr. PARKES. I will cut it short, Mr. Chairman. I just want to call attention to the fact that there is no question about this edge [indicating] being an embroidered edge, and there was not any such question up until the time they commenced to manufacture it by machinery. When they commenced to manufacture by machinery, it looked a little different at first. Then some importer took the ground that it was not an embroidered article, but simply that the edge was finished in a workmanlike manner to finish the article.

The CHAIRMAN. Is that what you call drawn work?

Mr. PARKES. This is—

The CHAIRMAN. I asked you if that is drawn work?

Mr. PARKES. No, sir; it is an embroidered doily. The edge of it is—

Mr. GRIGGS. Please tell me what you have come after. What do you want?

Mr. PARKES. I am going to note the work we are doing and then suggest—

Mr. GRIGGS. We would understand so much better what you are saying if you would tell us what you want.

Mr. PARKES. At the present time I am not able to state definitely as to what I want to ask for. I want to ask for that in a brief. I simply want to say we are manufacturing these articles—

The CHAIRMAN. Do you want this paragraph changed in any respect?

Mr. PARKES. I want to say—

The CHAIRMAN. Do you want to have that paragraph amended in any respect?

Mr. PARKES. Yes, sir; I am asking to have it amended.

The CHAIRMAN. How?

Mr. PARKES. By putting something in there that will enable us to get the protection on this line of embroidery.

The CHAIRMAN. What words will describe that line of embroidery?

Mr. PARKES. "Scalloped-embroidered articles" would describe it. I have invented a machine for doing this work.

Mr. GRIGGS. They are all scalloped?

Mr. PARKES. No, sir; not all. They are scalloped on the edge, and there is some interior work also. They are all embroidered doilies. This is a line of work that takes the place of hand work. Hand-embroidered goods of this character have been brought in for years and pay a 60 per cent duty. When these goods commenced to come in, they claimed they were not embroidered articles, and they do not want to pay any duty on them. When I can find out whether they can sell these articles at a price at retail lower than we can afford to sell them at wholesale, I can tell what they mean.

On these goods that weigh over 4½ ounces we have to pay 60 per cent duty, or 50 per cent duty to get the linen, so that if we only get 60 per cent on the linen, it is only a difference between 50 and 60, and it is not enough protection. Consequently I propose to suggest a change whereby we will get a certain rate of duty plus the duty on the material. That is a suggestion I propose to make in my brief which I will file later.

Mr. GRIGGS. Then you do not know exactly what you want this afternoon?

Mr. PARKES. I wish to be permitted to file a brief and to file samples. That is all I have to say.

The CHAIRMAN. We have the decision here to which you refer in regard to these scallop goods, and your remarks will call the attention of the committee to the decision.

We will now hear from Mr. Sonninger.

STATEMENT OF MR. CHARLES SONNINGER, OF NEW YORK CITY.

Mr. SONNINGER. Mr. Chairman and gentlemen of the committee, I want to speak with reference to embroideries and laces. There seems to have been some misunderstanding. I listened to the statements made, and I wish to repeat there has been some misunderstanding in regard to the matter of laces and embroideries. The two things are practically distinct. The lace industry is a distinct industry, although usually the houses that handle one article may handle them both.

Comparisons have been made in regard to the domestic goods and the foreign goods, and questions have arisen here as to whether or not the goods could be made here, whether or not the importations would continue, what the revenues might be in case the rate was reduced, whether or not the domestic-produced articles would supplant the foreign, and other information in regard to the laces that I believe was not correctly given, and I would be very glad to give the committee the information.

Mr. GRIGGS. You mean you want to contradict something that has been said here this afternoon?

Mr. SONNINGER. I believe the answers were made without properly studying the questions.

The CHAIRMAN. Without apologizing for it, go on and make your statement.

Mr. LONGWORTH. In the first place, will you say whether you are in favor of a reduction or an increase of the duty?

Mr. SONNINGER. As an importer, I am in favor of a reduction.

Mr. LONGWORTH. Do you believe that would increase the revenue?

Mr. SONNINGER. I believe it might increase the aggregate revenue, inasmuch as possibly it would stimulate additional consumption of the article, and in that way give the Government just as much, if not more, revenue, while it would be no additional burden to the consumer, who would probably get his goods cheaper.

Mr. LONGWORTH. You heard a moment ago a gentleman advocating an increase of the rate, saying that it would increase the revenue?

Mr. SONNINGER. It would, probably, if they could import the same amount of goods, and in a certain way that gentleman is right.

Mr. LONGWORTH. How can you both be right?

Mr. SONNINGER. If you will permit me to make a statement in regard to the laces before you cross-examine me—

Mr. LONGWORTH. Are we cross-examining you?

Mr. SONNINGER. Well, perhaps asking me questions would be a better way to put it. If you will permit me to make a statement before you ask me questions, I will be very glad, and I believe you will see the point which has not been explained before.

There are lots of laces made that can not be made in this country at all. For instance, there are the real laces. Then there is a certain high grade of machine laces that were called "hand-finished goods," that will not be made in this country.

The CHAIRMAN. The real lace is an article of luxury, is it not?

Mr. SONNINGER. Yes, sir; the real lace is an article of luxury. It can not be made here at all. If the rate of duty were decreased on that particular line of goods it would probably result in a larger use of them, and, on the other hand, if women were bound to have the luxury and are willing to pay the rate of duty it would give the Government a greater revenue. It is immaterial. If a woman wants the article and pays for it, it does not matter whether she pays 50 per cent or 60 per cent, according to the fluctuations of fashion or the demands of consumption, and the revenues would accordingly be increased.

Mr. LONGWORTH. Then you have no opinion as to whether it would increase or not?

Mr. SONNINGER. I am in favor of a moderate reduction, and I believe it would stimulate and increase, possibly, the revenues, notwithstanding the rate was reduced, because we would greatly increase the consumption of the article anyway.

Mr. GRIGGS. You say you believe a reduction of the duty would increase the importations?

Mr. SONNINGER. It probably would.

Mr. GRIGGS. Do you think it would also stimulate the production in this country?

Mr. SONNINGER. It would not interfere with that, because the copying will go on just the same. This country to-day does not create the style.

Mr. GRIGGS. Answer my question, will you? Do you think it would stimulate production?

Mr. SONNINGER. It would not interfere with it. The two things go hand in hand.

Mr. GRIGGS. I give it up. I can not get you to answer my question.

Mr. SONNINGER. If you will permit me, I will try to explain what seems to be a riddle to you.

Mr. GRIGGS. I want an answer to my question.

Mr. SONNINGER. I believe I did answer it. I do not believe it will interfere at all with the increased production in this country. It would probably increase it just the same. It would go hand in hand with the importations. They both would increase. It would increase the both of them just the same.

Mr. GRIGGS. That is as clear as the noonday sun.

Mr. SONNINGER. People would have their choice of the imported article or the domestic article.

The CHAIRMAN. Are there any other questions, gentlemen?

Mr. SONNINGER. I want to say one thing more. In considering the question of laces, it must be borne in mind the goods are originated on the other side and that the world at large looks to France and other countries in which these goods are produced for the creation of styles, and a great deal that enters into the cost of the article is originating and creating and experimenting in the production of the goods, and that part of the cost is not borne by the manufacturer at this end at all, inasmuch as the American manufacturer chiefly copies foreign goods, because it is the foreign goods that have the vogue. They immediately become more common, and from that point on the domestic article is used. The foreign article will always be given the preference, and as soon as it can be copied here, that means a decadence of the use of the foreign article, and the greater consumption of the domestic.

The CHAIRMAN. The next subject to discuss is woven crash. We will hear from Mr. Glass first.

STATEMENT OF MR. HENRY GLASS, OF NEW YORK CITY.

The CHAIRMAN. The first speaker on this subject is Mr. Henry Glass, of No. 46 White street, New York.

Mr. GLASS. Mr. Chairman and gentlemen, we respectfully ask for a special enumeration in the tariff of an article imported from Russia commercially known as "Russian crash." The article is manufactured by the peasantry in Russia, homespun and homemade from pure flax fibers, used for dish toweling and towels. It is now assessed under paragraph 346 of the present tariff law at the rate of 2½ cents and 30 per cent ad valorem, which is equal to more than 60 per cent ad valorem duty. Prior to the enactment of the present tariff law, these goods paid a 35 per cent duty, and the importations of such merchandise amounted to about 3,000 bales per annum. A fair average of the importations for the last few years is about 500 bales per annum, which is due entirely to exorbitant duty assessable upon such goods under paragraph 346. One-third of the importations at present are sold to the United States Government. Your honorable committee will note that fine, light, linen articles now pay but a 35 per cent duty under the present law. We believe it illogical to assess a higher rate than this duty upon an article of much inferior grade, and suitable only for kitchen and toweling use. These goods are only made in Russia, none being made in this country, and they, therefore, do not in any way compete with the product of American manufacturers.

We therefore respectfully ask for a specific provision as follows: "Russian crash, made wholly or in chief value of flax, 35 per cent ad valorem."

The CHAIRMAN. Are there any questions to ask of Mr. Glass? If not, that is all, Mr. Glass.

We will now hear from Mr. Stevens.

STATEMENT OF MR. NATHANIEL STEVENS, OF NORTH ANDOVER, MASS.

Mr. STEVENS. If the committee please, I represent the Stevens Company, of North Andover, Mass. We have a plant making crash toweling, and we make the Russian crash, and it is used for kitchen purposes. We have a plant which has been located there since 1846.

The CHAIRMAN. You have been making that ever since then?

Mr. STEVENS. Yes, sir. These are household articles known all over the United States and used generally. We make a variety of grades, and we do not come here asking for any more duty, but we simply ask you to give us the same duty we have now.

Mr. GRIGGS. Is that because you have been protected so long?

Mr. STEVENS. No, sir; it is not.

Mr. GRIGGS. You have not reached the stage of senile decay, have you?

Mr. STEVENS. No, sir; we have not.

Mr. GRIGGS. Yet you have been manufacturing towels forty-six years?

Mr. STEVENS. Yes, sir.

Mr. GRIGGS. And still need protection?

Mr. STEVENS. Yes, sir.

Mr. DALZELL. You have 35 per cent now, have you not?

Mr. STEVENS. No, sir; 30 per cent ad valorem and 1½ cents a yard.

Mr. DALZELL. Under what paragraph does this come?

Mr. STEVENS. Under 346. I think it is. The reason we have to have this protection is because we have to employ our labor in America in competition with cotton and woolen manufacturers.

The CHAIRMAN. There is quite a high duty on your raw material, is there not?

Mr. STEVENS. There is a duty of \$20 a ton.

The CHAIRMAN. We know about what it is.

Mr. STEVENS. Yes, sir; you know what it is. It is a close business and any reduction in the tariff would do us great injury.

Mr. GAINES. You want it retained just as it is?

Mr. STEVENS. Yes; we could not live on anything else.

Mr. RANDELL. What percentage of the home market do you control now, or the manufacturers of that class of goods?

Mr. STEVENS. There is about as much imported as we make.

Mr. RANDELL. You control about half of the market?

Mr. STEVENS. About half of the market; yes, sir.

The CHAIRMAN. If there is nothing further from Mr. Stevens, he will be excused. We will now hear from Mr. Clark.

Mr. CLARK. Mr. John Boyd was the chairman of our committee, and we shall be glad to have you listen to him.

The CHAIRMAN. Very well; we will have Mr. Boyd present your matters.

STATEMENT OF MR. JOHN BOYD, OF NEW YORK CITY.

Mr. BOYD. I am here representing Joseph Wild & Co., of New York City.

We ask for a readjustment of the tariff in striking out this dividing line between 3 cents a yard and 7 cents.

The CHAIRMAN. What paragraph is this?

Mr. BOYD. Schedule J, paragraph 333.

We claim the dividing line of 10 cents per square yard works greatly to the disadvantage of the consumer by preventing the 50 per cent of the present Japanese mattings imported from being of a desirable quality, both in weight and manufacture; those goods, costing 10 cents per square yard at port of shipment, pay 3 cents per square yard duty, and goods fractionally higher have to pay 7 cents per square yard and 25 per cent ad valorem, or a compound rate of about 10 cents per square yard, an advance or difference in the duty of over 200 per cent, equaling $6\frac{1}{2}$ cents per square yard additional duty.

I might submit for your consideration the following example: A roll of matting that first cost in Japan 7.70 yen plus the duty and packing charges of 0.30 yen has a total duty of \$1.20 a roll, or 3 cents a yard, while a roll costing 7.80 yen with packing charges of 0.30 yen would give a duty of \$3.80 a roll, an additional duty of \$2.60 on a matting that costs just 5 cents per roll more.

Mr. DALZELL. You want the same duty on all, do you?

Mr. BOYD. Yes, sir; a straight single duty of 3 cents per yard.

There is practically no matting brought into this country from Japan, the first cost of which is over 10 cents per yard. We claim that by widening the range of the market value it will allow better goods to be made and imported at the same cost to the consumer without decreasing the revenue. At the present time, according to the statistics, there is about 1 per cent of the matting coming into this country that pays a high rate of duty—7 cents a yard and 25 per cent, which really amounts to nothing in the way of income to the Government.

Another hardship which the present tariff imposed upon the importer is the risk in buying the best grade of China matting. This matting has to be contracted for about ten or twelve months in advance of time of shipment, at a price agreed upon on a silver basis between the manufacturer in China, the Chinese manufacturer, and the American importer, and there is always a possibility that at the day of shipment (the rate ruling on date of shipment is what the Government bases the dutiable value on) silver may have advanced so as to bring the dutiable cost at above 10 cents per yard gold, thus subjecting the mattings to the high duty, with consequent heavy losses to the importers through the advance in exchange over which they had no control.

The Hongkong dollar, in which currency the Chinese matting is purchased, is subject to serious fluctuations, as shown by the Treasury valuation, as follows: October, 1907, .538; January, 1908, .463; April, 1908, .439; July, 1908, .423; October, 1908, .412.

From the above fluctuations it will be seen that the mattings cost $26\frac{1}{2}$ cents in Hongkong currency in October, 1908, and would pay 3 cents a yard duty, and that mattings purchased in July, 1908, at

26½ cents, Hongkong currency, would have to pay the high duty of 7 cents per yard and 25 per cent ad valorem.

We cite an example in our brief which we intend to file, to show that both the first cost of matting is made on the rate of exchange of the price of silver ruling on the day of shipment, and sometimes we are compelled to pay the high rate of duty if we would bring it in. These contracts are made long in advance of the day of the shipment of the goods, and we have no control over the ruling rate of exchange on the day of shipment.

It has happened on many occasions that goods purchased to be shipped on a low-duty basis could not be forwarded, owing to the fluctuations in silver, and have been stored in China at heavy expense to await a fall in the silver, or are sold at a loss.

There was one time during the importation of these goods that we had goods held in China for almost a year, pending a decision of the Treasury. All these unnecessary losses are caused by the present tariff, which was framed at a time when mattings were on the free list, and the effect of duties on mattings was little understood, either by Congress or the trade.

I submit these suggestions for your consideration, and further suggest as a remedy that a single specific duty be placed on all grades of China, Japan, and India straw mattings, worded about as follows:

Floor mattings, mats, and rugs, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances not otherwise provided for, and having a warp of cotton, hemp, or other vegetable substances, including what are commonly known as China, Japan, and India straw matting, 3 cents per square yard.

The duty paid on this kind of matting should be for revenue only.

In presenting this matter I beg to suggest that it was unanimously adopted at a meeting held in New York on the 23d day of November, 1908, at which representatives of the following firms were present—

The CHAIRMAN. You need not read those. Just submit them when you prepare your brief, and we will print them in the record.

Mr. DALZELL. They are all importers of course?

Mr. BOYD. Yes, sir; they are all importers.

The CHAIRMAN. Those names will show in the record if you include them in your brief. You think if you get a duty of 3 cents a yard on those above 10 cents the importations will be as great as they are now on those under 10 cents with a duty of 3 cents a yard?

Mr. BOYD. We think we will have a wider range of that pattern or grades at least.

The CHAIRMAN. Those better ones will be as freely imported as the others?

Mr. BOYD. Yes, sir.

The CHAIRMAN. There is a pretty free importation at 3 cents a yard, is there not?

Mr. BOYD. We will stand 3 cents a yard—

The CHAIRMAN. You did not understand my question. There is a pretty free importation at 3 cents a yard, is there not?

Mr. BOYD. Yes, sir. There are about 1,200,000 rolls imported.

The CHAIRMAN. Forty-four million square yards worth \$3,617,000, producing revenue amounting to \$1,000,715.

If that is all from Mr. Boyd we will now hear from Mr. Dornan.

(Mr. Boyd filed the following brief:)

NEW YORK, November 24, 1908.

THE COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: As importers and distributors to the retailers, and consequently coming in direct touch with the consumers of what are known as China and Japan mattings and matting rugs, we ask your consideration to a readjustment of the present tariff on these articles, which reads as follows:

Schedule J, paragraph No. 333.—Floor mattings, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances not otherwise provided for, including what are commonly known as Chinese, Japanese, and India straw mattings, valued at not exceeding ten cents per square yard, three cents per square yard; valued at exceeding ten cents per square yard, seven cents per square yard and twenty-five per centum ad valorem.

So that it will read:

Schedule J, paragraph No. 333.—Floor mattings, mats, and rugs, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances not otherwise provided for, and having a warp of cotton, hemp, or other vegetable substances, including what are commonly known as China, Japan, and India straw matting, three cents per square yard.

We claim that the above dividing line of 10 cents per square yard works greatly to the disadvantage of the consumer by preventing, say, 50 per cent of the present Japanese mattings imported from being of a desirable quality, both in weight and manufacture, as goods costing 10 cents per square yard at port of shipment pay 3 cents per square yard duty, and goods fractionally higher have to pay 7 cents per square yard and 25 per cent ad valorem, or a compound rate of about 10 cents per square yard, an advance or difference in the duty of over 200 per cent, equaling $6\frac{1}{2}$ cents per square yard additional duty. As per following example:

One roll, first cost in Japan 7.70 yen; dutiable packing charges, 0.30 yen; total, 8 yen; duty, \$1.20 per roll.

At exchange \$0.498=\$3.984 gold, or 9-71/100 cents per square yard.

The above pays 3 cents per square yard duty.

One roll, first cost in Japan, 7.80 yen; dutiable packing charges, .30 yen; total, 8.10 yen; duty, \$3.80 per roll.

At exchange \$0.498=\$4.03 gold, or 10-75/1,000 cents per square yard.

The above pays $9\frac{1}{4}$ cents per square yard duty, being 7 cents per square yard and 25 per cent ad valorem.

This example shows that a roll costing only 5 cents gold more, equaling one-eighth of a cent a yard at port of shipment, pays \$3.80 duty, against \$1.20 duty for the roll costing only 5 cents less.

The latter is a prohibitive duty on medium-grade mattings, and also prevents competition among the manufacturers in Japan in producing the best value for a given price, and as importers can not pay more than 10 cents market value at port of shipment, the result is that the lower grades are all enhanced in value to the disadvantage of the American consumer.

There is practically no matting brought into this country from Japan the first cost of which is over 10 cents per yard. We claim that by widening the range of the market value it will allow better

goods to be made, and imported at the same cost to the consumer, without decreasing the revenue.

Another hardship which the present tariff imposes upon the importer is the risk in buying the best grade of China matting known as "116 warp." As this matting has to be contracted for about a year in advance of shipment, at a price agreed upon on a silver basis between the Chinese manufacturer and the American importer, there is always a possibility that at the day of shipment (the rate ruling on date of shipment is what the Government bases the dutiable value on) silver may have advanced so as to bring the dutiable cost at above 10 cents per yard gold, thus subjecting the mattings to the high duty, with consequent heavy losses to the importers through the advance in exchange over which they had no control.

As per the following examples:

The Hongkong dollar, in which currency the China matting is purchased, is subject to serious fluctuations as shown by the Treasury valuation:

October, 1907, .538; January, 1908, .463; April, 1908, .439; July, 1908, .423; October, 1908, .412.

From the above fluctuations it will be seen that the mattings costing 26½ cents Hongkong currency in October, 1908, would pay 3 cents per yard duty, and that mattings purchased in July, 1908, at 26½ cents Hongkong currency, would have to pay the high duty of 7 cents per yard and 25 per cent.

Example.

	July.	October.
	<i>Cents.</i>	<i>Cents.</i>
Mattings cost per yard, Hongkong currency.....	26.125	26.125
Cost per roll of 40 yards.....	10.45	10.45
Less 2 per cent discount.....	.21	.21
	10.24	10.24
Less nondutiable charges.....	.54	.54
	9.70	9.70
Exchange of Hongkong dollar.....	.423	.412
Per roll, gold.....	4.10	3.99
Per yard, gold.....	.1025	.0999

Owing to the difference in the market value of silver (the exchange was .423 in July, 1908, against .412 in October, 1908), mattings of the same first cost price pay 7 cents per square yard and 25 per cent ad valorem in one instance and only 3 cents per square yard in the other.

It has happened on many occasions that goods purchased to be shipped on the low duty basis, could not be forwarded, owing to the fluctuations in silver, and have been stored in China at heavy expense to await a fall in the price of silver, or sold at a loss.

The result of this is to compel the importer to take lower-grade mattings at a higher-grade price, thus increasing the cost to the public for an inferior article.

All these unnecessary losses are caused by the present tariff, which was framed at a time when mattings were on the free list and the effect of duties on mattings was little understood either by Congress or the trade.

We respectfully submit these views for your consideration, and suggest as a remedy that a single specific duty be placed on all grades of China, Japan, and India straw mattings, and worded as follows:

Schedule J, paragraph No. 333.—Floor mattings, mats, and rugs, plain, fancy, or figured, manufactured from straw, round or split, or other vegetable substances not otherwise provided for, and having a warp of cotton, hemp, or other vegetable substances, including what are commonly known as China, Japan, and India straw matting, three cents per square yard.

The duty paid on China, Japan, and India mattings should be for revenue only.

JOHN N. BOYD, of JOSEPH WILD & Co.,
JOHN C. WIRTZ, of SMITH, BAKER & Co.,
NELSON S. CLARK, of W. & J. SLOANE,
Committee.

In presenting this brief, we beg to mention that it was unanimously adopted at a meeting held in New York November 23, 1908, at which representatives of the following firms were present:

Jos. Wild & Co.,
Geo. B. Swayne Co.,
Akawa, Morimura & Co.,
W. & J. Sloane,
Delacamp & Co.,
Mitsui & Co.,
Winter & Smillie,

Smith, Baker & Co.,
Arnhold, Karberg & Co.,
Hadden & Co.,
Shewan, Tomes & Co.,
S. Hecht, jr., & Sons,
Carlowitz & Co.,
H. B. Claffin Co.

These firms come in contact with the entire matting trade of the United States. In addition to this we have received letters from Marshall Field & Co., Chicago; J. H. Pray & Sons Co., Boston; J. Kennard & Sons Carpet Company, St. Louis; D. N. & E. Walter & Co., San Francisco; all expressing strongly their convictions that the tariff on mattings should be made a straight specific one. This committee knows of no one in the trade throughout the country who is not in favor of the change suggested.

JOHN N. BOYD, *Chairman.*
JOHN C. WIRTZ.
NELSON S. CLARK.

STATEMENT OF MR. ROBERT DORNAN, OF PHILADELPHIA, PA.

Mr. DORNAN. I come here as a representative of an American industry that has been almost driven out of existence by the importation of straw matting. I come here to protest against a continuance of the conditions that now exist.

The ingrain carpet industry in the year 1893 produced 50,000,000 yards of carpet annually, employing American labor at wages averaging over \$1.60 a day, including men, women, and children. For some years past the industry has been declining, and it is almost entirely due to the extreme growth of the importation of straw matting. In 1893 the importation of straw matting, the year in which 50,000,000 yards of ingrain carpet were produced, was only 8,000,000 yards. The increase began with the reduction in the value of silver, and followed the repeal of the Sherman act in which this country was con-

cerned in buying silver. Prior to 1893 we had no duty on matting, but a parity or comparative value that existed between the value of gold and silver sustained the natural price of commodities from countries not on a gold standard, and we did not have the trouble that we have experienced since the change in values of the moneys of the world, and that became emphasized during the operation of this Wilson bill.

The industry suffered then in common with all industries, because the purchasing power of the people had been very considerably destroyed. When the present Dingley bill was brought forward for consideration, we had an opportunity of learning what had been the effect of the difference in the values of exchange upon promoting the growth of these straw mattings from China and Japan. We placed the matter before the Ways and Means Committee and asked for consideration that would stem the tide of these importations and continue the ingrain carpet industry in existence.

The Ways and Means Committee in their wisdom saw fit to place a duty of 10 cents a yard on straw mattings, and that would have been protective and would have preserved our industry, but the Senate thought otherwise, and instead of giving us a duty they proposed putting it on the free list. By efforts of Pennsylvania Senators and Representatives, we were able to secure a duty of 3 cents a yard on matting that cost 10 cents or less, and a duty of 7 cents a yard and 25 per cent ad valorem on those costing more than 10 cents. The fact is that the 3-cent duty, so far as affecting the cost of matting, does not apply at all, because through the operations of exchange the duty is neutralized and lost absolutely, and a part of the original value, say 25 per cent, is also lost, so a matting ordinarily costing 10 cents in Japan, valued in silver, Mexican dollar or Hongkong dollar, the fluctuation of which has been spoken of by the gentleman preceding me—that 10-cent matting, when brought to this country, is only 4½-cent matting, with 3 cents duty added, making it 7½-cent matting, still 2½ cents less than its original cost. It must be borne in mind that the money of these countries, whether in silver or in depreciated currency, can still buy as much commodity within their own country and as much labor within their own country as it ever did.

We are compelled to compete with conditions of that kind, and our industry has almost been destroyed. From producing 50,000,000 yards of carpet when the population was 55,000,000, to-day there are not more than 20,000,000 yards manufactured in the United States, with an increase in population of 30,000,000. If our industry had been conserved we probably would be producing 75,000,000 yards for the use of the masses of this country. As it is we are producing a beggarly 20,000,000 yards. Some of the largest concerns in New England, in Lowell, for instance, where one concern used to run 275 yard-wide looms on ingrain carpets, do not now run over 50. Another corporation, the Hartford Carpet Company, had over 250 looms, and are not now running over 50. My own plant in Philadelphia, where we had 170, still has about 105 in existence. We moved 50 of them to Alabama, but that has been standing idle for about three years.

The CHAIRMAN. What would be the result of that break at 10 cents a yard and above, which is now 8 cents a yard and 25 per cent ad

valorem, if it was reduced to 5 cents a yard and 15 per cent ad valorem.

Mr. DORNAN. The duty would be neutralized through the operation of exchange. Our money has more than doubled the purchasing power of the products of those countries. There would be no duty. The duty is absolutely wiped out. We would have no protection at all. The industry is going to pieces. We ask the Republican counsellors of the country to come to our relief and help reestablish the industry. The platform of the Republican party—

The CHAIRMAN. Never mind about the platform. We know what it is. We want to know about your business.

Mr. DORNAN. I appeal to the platform and stand on it. I am a good Republican.

Mr. DALZELL. Well, what is your suggestion with reference to change in this tariff?

Mr. DORNAN. My suggestion is the same suggestion I made eleven years ago to Chairman Dingley, to yourself, and to the present chairman—10 cents a yard on straw matting, no matter what it costs. The gentleman who preceded me said there was not 1 per cent of matting imported under the high duty. I know that to be a fact. I follow the statistics and know whereof I speak. I have an extract here from one of our trade publications that shows the volume of importations taken from our national figures for 1902 to 1906, inclusive. The maximum was reached in 1903, when there were 53,000,000 yards of straw matting imported into the United States, whereas ten years before that there were only 8,000,000 yards. Does anybody know where the importation of any other product exists that has increased more than sixfold in ten years?

We believe the imposition of a duty of 10 cents a yard on matting would help rejuvenate our industry and help give employment to many who have been in the meantime compelled to seek employment in other fields; to help me start up my mill in Alabama, that has been lying idle there for three years, and give employment to many down there. I hope you will give this matter serious consideration and understand the basic influence that operates to neutralize the duty altogether and a part of the original cost of the product. That applies to any product that comes from any country not on a gold-standard basis, whatever it may be. Your fine oriental rugs from India and Persia and Turkey all suffer a loss in value through the enlarged purchasing power of the gold exchange, and the duty is largely destroyed. It is up to you gentlemen to give this matter full consideration.

Mr. UNDERWOOD. What do you say is the total consumption of matting in this country?

Mr. DORNAN. Total importation?

Mr. UNDERWOOD. No; total consumption.

Mr. DORNAN. In 1893 it was 8,000,000 yards; in 1903 it was 53,000,000 yards.

Mr. UNDERWOOD. In 1907 what was it?

Mr. DORNAN. It was 46,000,000 or 48,000,000 yards. There has been some falling off since 1903.

Mr. UNDERWOOD. Nineteen hundred and seven is a very good year for us to estimate on.

Mr. DORNAN. There was a falling off incident to the war that was on between Japan and Russia that took away some of the labor from Japan and interfered with the product of matting, and that is why the volume has decreased.

Mr. UNDERWOOD. It was 48,000,000 yards in 1907—are you speaking of the importations or the consumption?

Mr. DORNAN. I am speaking of the importations, and I presume the consumption is based on the importation.

Mr. UNDERWOOD. Is none of it made here?

Mr. DORNAN. No; there is no straw matting made here. There have been attempts made at making it, but they have not been very successful. They make paper matting here.

Mr. UNDERWOOD. You want the duty made more than it is to-day?

Mr. DORNAN. We want a duty on this matting because through the operation of exchange we have no duty. The average purchasing power of our money—

Mr. UNDERWOOD. There is a duty of 35 per cent, as I understand it?

Mr. DORNAN. A duty of 30 cents a yard on matting, that is the duty.

Mr. UNDERWOOD. What does that amount to in ad valorem rate?

Mr. DORNAN. It amounts to 30 per cent on the 10-cent matting.

Mr. UNDERWOOD. Then you have had a duty on this of 30 per cent during the twelve years' existence of the Dingley law?

Mr. DORNAN. We had no duty at all. There has been a duty paid, but the amount of that duty was more than wiped out through the operation of exchange. Although the Government got revenue, the goods were brought here at one-half their normal cost.

Mr. UNDERWOOD. Well, you and I may differ on that, but from my standpoint the law says that you have got a duty.

Mr. GRIGGS. By the operation of exchange, you do not mean to say that the entire duty is wiped out?

Mr. DORNAN. So far as the cost is concerned, but in so far as the revenue to the Government is concerned, it is not wiped out.

Mr. GRIGGS. As I understand it, you buy, or the importer buys, on a silver basis.

Mr. DORNAN. Exactly.

Mr. GRIGGS. The goods are valued on a gold basis?

Mr. DORNAN. Exactly.

Mr. GRIGGS. Now, then, that makes one-half the duty wiped out; just about half.

Mr. UNDERWOOD. The actual amount going into the Treasury is 30 per cent on the goods, as assessed?

Mr. DORNAN. You are perfectly right.

Mr. UNDERWOOD. And, although this duty has existed for twelve years, this industry has had no chance to build up, there has been no chance to build up the straw-matting industry?

Mr. DORNAN. We do not grow the straw here.

Mr. UNDERWOOD. The raw material is grown abroad?

Mr. DORNAN. Yes, sir.

Mr. UNDERWOOD. And the skilled labor for this business is abroad?

Mr. DORNAN. Yes, sir.

Mr. UNDERWOOD. It is a business that is not developed by machinery?

Mr. DORNAN. Well, they have been undertaking to develop it by machinery, but it has not been a howling success.

Mr. UNDERWOOD. It has largely—

Mr. DORNAN. It is largely a hand-work business in China and Japan.

Mr. UNDERWOOD. Is not your proposition to put a tax on the American people to build up this industry a good deal like putting a tax on lemons in order to grow lemons in this country?

Mr. DORNAN. No; we are simply asking that we be allowed to rebuild an industry.

Mr. DALZELL. You mean the ingrain-carpet industry?

Mr. DORNAN. The ingrain-carpet industry. The way to do it is to put a continuing duty on it—either that or get China to go on a gold basis—and we will not have this contention to make.

Mr. UNDERWOOD. I may be dull—

Mr. DORNAN. You have not thought as much about it as I have—

Mr. UNDERWOOD. I do not see how the matting and the ingrain carpet have any particular relation—how one affects the other.

Mr. DORNAN. You have not thought about this subject as much as I have, and you have not had a mill close down in Alabama.

Mr. UNDERWOOD. That is why I am trying to get information—

Mr. DORNAN. And I am trying to give it to you.

So far as the value of the product is concerned, as I say, more than 25 per cent of the value of the product is wiped out, and the Government gets the revenue. But my proposition is one that will give the Government threefold the present revenue if the volume of importation will be continued. My hope will be that the volume of importation will be reduced and made at least one-half. That would give us an opportunity of rebuilding the ingrain-carpet industry.

Mr. UNDERWOOD. You mean the matting industry will take the place of the ingrain-carpet industry?

Mr. DORNAN. Yes; the importations have increased over sixfold from 1893. We will give you ingrain carpet and linoleum and other clean and desirable floor coverings instead of the Chinese grass matting.

Mr. DALZELL. This foreign industry of matting under present conditions has driven out the American industry of making carpet?

Mr. DORNAN. Indisputably, and we ask that we have a chance to build up that carpet business.

Mr. DALZELL. Have you prepared a brief?

Mr. DORNAN. I have not prepared one. I did not know that this schedule was to be considered until Friday night, and I did not have an opportunity, but with your permission I will be pleased to prepare a brief and put it in the hands of the committee at as early a date as possible. Are there any other questions?

Mr. UNDERWOOD. Is not that the proposition of the American people wanting matting and our putting a tax on matting and forcing them to take somethings they do not want?

Mr. DORNAN. No, sir; but it will permit the people to get matting at a fair price and will contribute to the building up of an American industry that has almost been forced out of existence. The cost of matting is more than cut in two.

Mr. UNDERWOOD. Well, on that proposition, if you can show me it would affect the revenues when we need revenues for the Govern-

ment. I might be with you; but forcing the American people to buy one thing when they want another is something I would not be with you on.

Mr. DORNAN. If you cut the importation in two, on the basis of a 10-cent duty it will give you two-fifths more revenue than you have to-day.

Mr. RANDELL. What is it you are willing that the southern and western farmers should have for their consumption at the world's price and not have to pay a higher duty for in order to build up some industry in the North or East?

The CHAIRMAN. You do not suppose Mr. Dornan is going to agree with you on that proposition?

Mr. RANDELL. I asked him what article he was willing for us to have without paying tribute to the North or the East.

Mr. DORNAN. I am willing you should have anything that the farmer can buy—

Mr. RANDELL. You want to make him have an ingrain carpet, when the moths will eat up his carpet, and he wants matting.

Mr. DORNAN. No; we do not want to make him take anything that he does not want, but we want him to pay a fair price for the matting.

Mr. RANDELL. But you want him to pay more for his matting than he is paying now?

Mr. DORNAN. No, sir; we do not.

Mr. RANDELL. You want him to pay more for his matting, do you not?

Mr. DORNAN. He ought to pay more, because he did not formerly get his matting, prior to 1893, as cheap as he does now, and there was no duty on it at all. You fail to understand that—

Mr. RANDELL. You have not named any article yet that you think he ought to buy without paying more than the world's price for it, in order to build up eastern industries.

The CHAIRMAN. Let us discuss that somewhere else. You are not getting any information by such a question as that.

Mr. DORNAN. I am willing that the farmer should follow his own sweet will.

STATEMENT OF MR. JOHN P. WIRTZ, 85 WALL STREET, NEW YORK CITY.

Mr. Chairman, I am one of the committee appointed by a meeting in the interest of the matting schedule—

The CHAIRMAN. Whom do you represent?

Mr. WIRTZ. I say I am one of the committee appointed by the matting interests. My arguments are the same as Mr. Boyd's, but inasmuch as I am called upon, I would like to answer some of the remarks that have been made by the last witness.

The last witness stated that the duty was cut in half by reason of the fact that China was on the silver basis; but Japan is on the gold basis. Japan is on the gold basis and produces 700,000 rolls of matting out of the 1,200,000. So his argument does not hold as to the greater amount of matting imported.

I happen to know, through contact with the trade, that ingrain carpets are practically an obsolete fabric. If a man goes into a store, or if our farmer friends go into a store to buy a floor covering, they

have their own ideas of what they want, and I do not think any adjustment of the duty would compel them to buy anything they used to use, which they grew to dislike and which want they now supply with matting. It would be trying to force them to buy something that they have tried and found wanting.

The duty that is paid on the 1 per cent of high-grade mattings only amounts to thirty or forty thousand dollars for that, and we do not claim that the change which we ask for will materially affect the importer or materially affect the revenues. We do not think it will do either one, but it will simply be in the line of harmony.

At the present time we are up against the proposition, so to speak, of whether or not our matting is within the 7.70 valuation or within the 10 cents valuation, or whether it is just immediately above it, and that difficulty, which has caused the Government considerable expense, would be obviated; and, as far as I can see, it would not make any material difference to the importer or to the Government, and that industry, which has been protected for so many years at 3 cents without making any progress, can not, according to my humble notion, increase under a greater protection, and it is not a matter of protection, but a matter of the likes of the consuming public.

Mr. RANDELL. Is the straw used in that industry all imported?

Mr. WIRTZ. The matting is all made in Japan and China, and the straw is grown under peculiar conditions.

STATEMENT OF MR. R. H. SAWYER, OF MALDEN, MASS., REPRESENTING THE GOODALL MATTING COMPANY, OF KENNEBUNK, ME.

Mr. SAWYER. Mr. Chairman and gentlemen of the committee. I represent the Goodall Matting Company, of Kennebunk, Me., a corporation engaged in the manufacture of floor mattings, known to the trade as "China mattings" and "Japanese mattings."

I am sorry that the ingrain carpet man was not a little better posted on the matting business, because it seems he is not aware that there is any matting made in this country. The man that just preceded me made the same statement that it was all made in China and Japan, and that there was no grass grown here out of which this matting could be made—that it is all grown in China and Japan.

I stand here to refute these statements, and to say that we do make matting here, and that there is matting grass grown here, raised in this country.

The CHAIRMAN. How long have you been making it?

Mr. SAWYER. It has been made here six years and more. It has been made in this country off and on for eight and nine or ten years.

The importers who are represented by Mr. Boyd are honest enough to ask for just what they want. They are importers, and they ask for a duty for revenue only, to increase their trade. Now, I am glad to stand before you and to represent the American side of the question, the side that the Republican party stands for. Our working people ask your consideration of this question, and they ask for protection for this new industry, so that they may labor and be paid good wages, and to consider their interests, instead of the request of the importers you have just heard for free trade, or for tariff for revenue only, that

the cheap labor of China and Japan may flood our markets with matting.

Our laboring people ask you for a protective duty, and at the same time I will state it will not increase the price to the consumer.

Their matting brief here calls attention to the fact that there is 3 cents duty on the low grades of matting and 7 cents and 25 per cent on the goods that cost 10 cents or more.

Now, we agree fully with the importers in their entire statement of this fact until they get down to the last four words of what they desire—and one figure, that there should be a specific per yard rate on this matting, for I hardly think if there is a man who knows what the matting costs on the other side, we never can find just what it costs on this side, provided that the price is about the 10-cent limit.

To fix the foreign cost, to get the ad valorem rate, is rather a difficult question. This matting is bought through the native banto in Japan, or through the native comprador in China. How does this banto accomplish the object? He is given his order to buy a certain number of rolls of the better grade, and is told that he must not contract for it at a price that will exceed 7.70 yen or 7.90 yen, plus packing charges, 30 sen, and often less 2 per cent for cash.

Now, the very outside limit of 7.90 yen, plus packing charges, 8.20 yen, less 2 per cent, equals 8.036 yen.

This is for 40 yards, a roll, reduced to our gold.

Considering the exchange or price of the yen, as it is, 49.8 cents, equals \$3.99869 gold for a roll of 40 yards, about thirty-one one-thousandths of a cent under \$4 a roll of 40 yards.

Thirty-one one-thousandth part of a cent to be divided by 40 yards would equal three-fourths of one one-thousandth part of a cent.

But the object is accomplished. This atom of a cent saves the importer from paying the ad valorem rate of 7 cents per yard and 25 per cent.

No one in the business believes this to be the cost, but the Government can seldom prove it to be otherwise.

Now, does this undervaluation happen? It all happens before the importer gets his invoice.

The banto, always a native, gets his orders to buy 1,000 rolls of this better grade of matting, and he finds that among the different patterns submitted to him he can place orders with different manufacturers who know, who know that these patterns have been sold, delivered in the United States, all at low duty rates.

The Japanese manufacturer knows he can not produce this grade at the limit price of yen 7.70 to 7.90, so he and the banto bow, and sit down, native fashion, and tea is brought in, and with much complimenting of each other they drink tea and talk.

This same banto may have 20,000 rolls or more to buy in all, of which 10 per cent is of the better grade.

After seeing several manufacturers he has succeeded in placing his orders for his exporting house in this way.

I will say I have been there and have talked with the Japanese farmer at his farm in the country. I have also talked with the Japanese manufacturer, and with an honest Japanese manufacturer, now out of business, and I have talked with the banto, and I have talked with the exporter in Japan. I have also talked with importers in the United States.

They all tell the same story. This matting must be invoiced under the 10-cent limit. This banto had about 10 per cent of the better grade to buy, none of which he could buy at the low-duty limit. He offers a trifle more for the 90 per cent on consideration that the higher grade be contracted for inside the limit, and then the trick is done! The price is at a safe figure to beat the United States ad valorem duty.

The importer's broker on this side presents the invoice at the custom-house and swears it is the true foreign cost, and it usually passes. All this the importers and everybody else want to avoid, as it can be avoided by an ad valorem tariff per yard.

Mr. UNDERWOOD. You are not contending for a raise, but to have a specific duty instead of an ad valorem duty?

Mr. SAWYER. I am contending for both, and I will say that this statement that I have made is simply in answer to the brief that they have filed here to-day.

I want to show you some pictures here and show you some mattings and some of the grasses.

This grass was raised in Texas this year [indicating].

That piece of matting was woven from Texas grass, a piece of grass that is all American. The cotton was grown here and twisted, the grass was grown here, the American laborer made it.

Mr. RANDELL. What is the name of the grass?

Mr. SAWYER. The name of the grass is the *Cyperus tegetiformis*.

The CHAIRMAN. What does that cost?

Mr. SAWYER. That costs 29 cents a yard.

The CHAIRMAN. This looks very similar to some of the foreign Japanese mattings I have seen.

Mr. SAWYER. Here is the one you have in mind [indicating]. This was made in China.

The CHAIRMAN. How much is this Chinese matting, laid down in New York?

Mr. SAWYER. About 17 to 19 cents.

The CHAIRMAN. Without the duty paid?

Mr. SAWYER. With the duty and everything, freight, and all, paid.

The CHAIRMAN. How do you manage to sell any of yours, then?

Mr. SAWYER. Well, it is better. During 1906, when exchange was up, the price of this same matting was 29 cents. To-day it is 17 cents.

Mr. FORDNEY. Has it been reduced in price since you began the manufacture of yours?

Mr. SAWYER. No, sir; only in the way of exchange. When exchange is above 50 that matting can not be brought in honestly at 3 cents a yard. It can be brought in the way they do it, by averaging the price, putting the low grade up and the high grade down.

The CHAIRMAN. What grass is that?

Mr. SAWYER. That is Texas grass, raised at Pierce, Tex., grown by the United States Government.

The CHAIRMAN. It would be a splendid industry for Texas to make this matting, would it not?

Mr. SAWYER. Yes.

The CHAIRMAN. Make it where this grass is raised, in Texas?

Mr. SAWYER. Yes.

The CHAIRMAN. It would be a fine industry for Texas?

Mr. SAWYER. Yes; it would.

The CHAIRMAN. I wonder they have not had enough enterprise to get hold of it.

Mr. SAWYER. Let me tell you, this is a larger subject than, I am afraid, you have in your mind. The first roots to come to this country I brought myself in 1903. I interested Secretary Wilson in the project of raising the grass in this country, and ever since then the Agricultural Department has been interested and given attention to the raising of this grass. There it is, gentlemen.

Mr. RANDELL. Do you know how much it costs to raise this grass in Texas?

Mr. SAWYER. No; I do not.

Mr. RANDELL. Then you do not know that it will be a fine industry there?

Mr. SAWYER. All mattings imported are made on wooden looms, operated by hand and foot power, called hand looms. It has been the desire of inventors in this country to build power looms that would weave these mattings. Many years and much money has been spent by different men trying to build power looms that would weave them, and of a better grade than is now on the market from China and Japan. Nearly thirty years and over \$500,000 has been spent to obtain this result. We have spent nearly \$100,000 and over six years in perfecting the looms.

We now have 123 looms, and are making a better grade of matting than can be produced on the hand looms of China or Japan, so conceded by retailers and consumers—a splendid matting, well worth the price and of full value. We have succeeded in inventing and building matting looms that weave this first-class matting, and have woven thousands of rolls.

Exchange.

Rates of foreign exchange play a very important part in making the duty rate on the better grades of these mattings; where there is a compound rate of duty, and I think we all agree (importers, jobbers, retailers, and manufacturers) that there should be a specific per yard duty on mattings. At the present rates very little matting pays the higher rate of 7 cents per yard and 25 per cent ad valorem. The great struggle is made to get the foreign cost a trifle less than 10 cents per square yard, so it can come in and only pay the 3-cent rate, and the consequence is that when exchange is up, as in 1906 and first of 1907, the lower grades are marked up a little and the better grades are marked down to a fraction below 10 cents per yard, that all may come in at the 3-cent rate. This is called averaging the cost prices to beat the United States tariff. This fact was fully brought out at hearings in the fall of 1906 before the Board of United States General Appraisers in New York, when their decision was that the better grades should pay the higher rate. See three Treasury Department reappraisalment circulars Nos. 1506 to 1509, 1518 to 1521. 1562 to 1566, attached. See reappraisalment Nos. 9136, 9148, 9288, 9962, for decisions.

Raw material.

In 1903 I brought to this country from China and Japan some of the matting-grass roots and delivered them to the Department of Agriculture here in Washington, and had a long conference with Secretary Wilson, Doctor Galloway, and several of his assistants

in the department, with the result that the department has since spent much time and money to grow this grass in the United States, becoming so interested in it that they sent Mr. John Tull, of that department, to Japan in 1906 to make a thorough investigation of the culture of these matting grasses and to collect and bring to this country a large lot of the roots, which he accomplished at great expense and at the risk of his health and life, with the result that the grass is now being raised in this country—in South Carolina, Texas, and California. To show this is a fact, I will quote from a letter dated November 18, 1908, from Mr. William E. Haskell, jr., secretary and treasurer of the Carolina Rice Growers' Association, of Charleston, S. C., to our company:

I feel that we will be able to grow you all the rush you want; the rice lands of Carolina are adapted to this growth.

I will say that Mr. Haskell raised a few hundred pounds of the grass this season and is preparing to raise a large lot in 1909. We wove this American-grown grass into matting for his own use—the first grass to be grown on American soil by the American farmer and to be woven on American power looms by American help, the first all-American matting to be laid on any floor—and he is very much pleased with it. We now have in transit from Pierce, Tex., a shipment of the grass raised there, and I now show you a sample made from the Texas-grown grass—an achievement for American industry. The accomplishment of raising this grass is entirely to the credit of the Department of Agriculture and the persistent efforts of Mr. David Fairchild, foreign explorer of the Bureau of Seeds and Plant Introduction, of which Doctor Galloway is the head. The looms to weave this fabric have been perfected by the mechanics and inventors of this country.

The farmers of this country can and have raised the grass. Give us protection for our labor, against the cheap labor of China and Japan, and it will become a great industry here. The weavers in China and Japan are paid from 5 to 8 cents a day of twelve to eighteen hours. The weavers in our mill (girls) receive from \$1 to \$1.60 a day of ten hours; these facts are well worth your serious consideration, for without adequate protection we shall be obliged to close our mill and discharge all the help. In view of the fact that the United States takes 95 per cent of all the matting exported from China and Japan, who has a better right to make this floor covering than our American working people? Another element enters into the low foreign cost of the best grade Japanese mattings and allows them to come in at the low-rate duty; that is, convict labor in the prisons. Our laws prohibit the importation of all prison-made goods, but there is no way to separate them from the same grades made by free labor; the Japanese Government controls the prisons; the matting produced therein is sold to Japanese manufacturers, who in turn mix it with their own product and resell to the exporter, who in turn sells to the importer here, at a price that is just under the 10-cent limit, so it comes in at the 3-cent rate.

Summary.

Our farmers are raising the grass, our mechanics have perfected the looms, our laboring people are weaving the matting, and we

come before this committee to ask for a protective duty for a new industry that bids fair to become large. Under the present rates we can not produce matting in competition with China and Japan. Our desire is that section 333 in Schedule J be amended to read:

Floor mattings, plain, fancy, or figured, manufactured from split straw, grass, or rushes, or other vegetable substances not otherwise provided for, commonly known to the trade as China and India matting, when said matting contains 73 ends of warp, or more, shall pay 12 cents per square yard duty; all that contains less than 73 ends of warp shall pay 3 cents per square yard duty. Invoices shall state the number of ends of warp contained in all matting.

And when mattings are manufactured from round straw, grass, or rushes, known to the trade as Japanese matting, and contain 145 ends of warp or more, shall pay 12 cents per square yard duty; less than 145 ends of warp 3 cents per square yard duty. Invoices shall state the number of ends of warp contained in all mattings.

The medium and lower cost grades of matting are used by people of moderate means, and we do not ask for an increase of duty on these grades, but only on the higher-cost grades, and will further state that the duty we ask for will not increase the price of these better grades to the consumer, as these grades now brought in cost the retailer from 17 to 19 cents per yard and are retailed at from 50 to 75 cents per yard. In the latter part of 1906, when exchange was high, these fine grades of matting cost the retailer 29 to 31 cents, and were sold to the consumer at the same price they now sell them for, the same quality of goods costing the retailer 17 to 19 cents. It was the intention of the present tariff that these grades should pay 10½ to 14 cents per yard, or more, but owing to the averaging of prices and undervaluation by the importers most of the better grades now come in at the 3-cent rate. Also the rate of foreign exchange or price of the Mexican dollar has much to do with the ad valorem rate of duty, for when exchange is above 50 and the matting is not undervalued it pays 10½ cents per square yard, or more.

Example.—Foreign cost being 10 cents, it pays 9½ cents per yard duty; foreign cost being 12 cents, it pays 10 cents per yard duty; foreign cost being 16 cents, it pays 11 cents per yard duty; foreign cost being 20 cents, it pays 12 cents per yard duty; foreign cost being 30 cents, it pays 14½ cents per yard duty; foreign cost being 40 cents, it pays 17 cents per yard duty.

In asking for a specific duty of 12 cents per square yard in place of the present compound duty of 7 cents per square yard and 25 per cent ad valorem, it raises the duty from 1 to 2½ cents per yard on some grades and lowers it from 1 to 5 cents per yard on other grades, if the goods are entered at their true value. The present duty of 3 cents per square yard to be retained on the medium and lower cost grades as it now exists. These lower grades make up the bulk of the importing business.

Mr. Sawyer submitted the following:

Reappraisal No. 9136, straw matting.—From ———, Kobe. Exported May 28, 1906, entered at San Francisco. File No. 40814. Entry No. 8352. Findings of Waite, G. A.: Two hundred and forty-warp matting, entered at 7.70, advanced to 11 yen per roll; 240-warp matting, entered at 0.19½, advanced to 0.27½ yen per yard.

Reappraisal No. 9148, straw matting.—From Cheong Loong & Tylee, Canton. Exported June 15, 1906, entered at Baltimore. File No. 41322. Entry No. 6038. Findings of Board No. 1: Five

thousand nine hundred and twenty-three rolls fancy matting, superfine lantan jointless 116 warp, entered at \$0.20 $\frac{1}{4}$ Hongkong per yard, reappraised as follows: Five thousand two hundred and sixteen rolls at \$0.21 $\frac{1}{2}$ Mexican per yard; 707 rolls at \$0.20 $\frac{1}{4}$ Mexican per yard. Discount 2 per cent. Less N. D. charges. Previously published under Reappraisement No. 8433, October 5, 1906.

Decision of the board on rereappraisement.

The facts developed in this proceeding to determine foreign-market value present a unique situation. Five thousand nine hundred and twenty-three rolls of 116 warp Chinese matting invoiced and entered at 20 $\frac{1}{4}$ cents less 2 per cent Hongkong dollars per square yard was advanced by the appraisers at the port of Baltimore 1 $\frac{1}{2}$ Mexican per square yard. From this advance an appeal to reappraisement by a single general appraiser was taken, and after hearing on said appeal the general appraiser further advanced the value of 1,000 of said bales to 23 cents less 2 per cent Hongkong per square yard and sustained the entered value on the remaining 4,923 bales. Thereafter the importers appealed from the decision of the general appraiser on said 1,000 bales and the collector filed a like appeal from his decision on the 4,923 bales.

The importers contend that the entire lot of matting was purchased at the invoiced and entered price. This contention is supported by the sworn testimony of the representative of the importers, who negotiated for the purchase thereof, and by the member of the brokerage firm who effected the sale. The Government has attempted to show that the invoice price of said matting does not represent its actual value or sale price, but that, as a matter of fact, said invoice price was arranged for by a system of averaging or rearranging of prices as various grades of matting—that is to say, the true selling price of 116 warp matting was more than 20 $\frac{1}{4}$ cents, but that price was fixed upon to keep it under 10 cents United States currency according to the current rate of exchange, and to compensate the seller for the difference between that price and the actual value the prices of lower grade mattings were proportionately increased. Both buyer and seller of the matting unqualifiedly deny that there was any system of averaging or rearranging used to fix the invoice value of this importation.

They agree in the statement that the 5,923 bales in question are a partial delivery under a contract for about 42,000 rolls, and that the actual sale price of 20 $\frac{1}{4}$ cents per square yard was fixed for the 116 warp matting entirely without regard to the prices of the other grades, either including in the importation or covered by the contract; and we are clearly of the view that the Government has presented nothing to justify the conclusion that the invoice price of the 116 warp does not represent the actual and unconditional price to be paid therefor. But it does not necessarily follow that, although the integrity of the invoice be established, the price stated may not still be below the market value. For instance, if the record shows that mattings of similar grade were being sold in unusual wholesale quantities in the principal markets therefor of China at the date of exportation for prices higher than stated in the invoices the invoice price would not control, and under the law it would be the duty of the appraiser to advance the invoice value accordingly.

There is no escape from the conclusion that for several years the vital trade question between the Japanese and Chinese manufacturers of matting and the American buyers thereof, in so far as 116 warp was concerned, has been how to keep within the law and yet succeed in having such matting passed by the United States appraising officers at not to exceed 10 cents per square yard (U. S. currency) in value.

It is provided in paragraph 333 of the existing tariff act that the duty on Chinese, Japanese, and India straw mattings of the class here involved, valued at not exceeding 10 cents per square yard, shall be 3 cents per square yard, and on all such matting exceeding in value 10 cents per square yard the duty shall be 7 cents per square yard and 25 per cent ad valorem.

It was perfectly apparent on the hearings that between some of the American buyers and the brokers or salesmen representing the foreign sellers, there was disagreement, not only as to the price at which 116 warp matting could be bought in China in June, 1906, either separately or with other grades, but also as to the practice that, for a number of years it is claimed, has prevailed, of adjusting prices on a full line of grades so as to keep the 116 warp always within the low duty limit. Whether such was the uniform practice may yet be an open question, but there is certainly enough before us to justify the conclusion that it was, at least, not infrequently done when the prevailing rate of exchange made it necessary to keep the price of 116 warp under the high duty limit, and we think, from the facts presented, the inference is justified that because of the advance in the rate of exchange, and the consequent risk of being compelled to pay the higher duty, those of the importers who support the claim that there has prevailed a system of averaging prices, desire that it may be found that the foreign value of 116 warp matting was in June, 1906, over the 10-cent limit so that hereafter there may be no uncertainty as to the rate of duty to be assessed thereon, and thus placing all importers on equal footing.

Such desire may be public spirited or selfish, but to the determination of the question involved it is not important, only as it is a notable exception to find importers seeking to have levied the maximum rate of duty on the merchandise they import.

Assuming the worst that is contended for by the Government, viz, that the value of 116 warp matting in June, 1906, when purchased alone in Canton, China, was of greater value than 20½ cents (Hongkong) and that in every instance, where, at or about that time, the invoice or sale price was 20½ cents or less, it was either a false statement of value or was the result of rearrangement of the prices of a line of mattings which resulted in the sale of the 116 warp at less than its market value.

The vital question, assuming the Government's contention to be in accord with the facts, is whether such rearrangement of prices may be made, under the peculiar conditions that are shown to prevail as to mattings, to represent the market value or wholesale prices thereof.

In *United States v. Irwin* (United States circuit court of appeals) it was held that the question of importers' intent is not to be considered as an element in determining classification. Judge Wallace, in writing for the court, said:

Upon the evidence in the record we entertain no doubt that the importations in controversy were breech-loading shotguns, which, before exportation, were

in a completed condition, ready for the market or for the sportsman's use, in number equal to that of the stocks or the barrels, but that the parts were detached, shipped in separate cases, and invoiced separately to enable the importer to enter them as invoiced, escape the payment of the duty upon guns, and after importation reassemble the parts. We are to consider to what extent this was a legitimate or a successful effort to avoid payment of the higher duties.

It is a well-settled doctrine that intent is not an element in determining the proper classification of imported articles, and that merchants are at liberty so to manufacture and so to import their goods as to subject them to the lowest possible duties under the tariff laws. (78 Fed. Rep., 801.)

It may be that the language of the court in this case has led importers to believe that rearrangement of prices, similar to that which is shown to have been the practice with matting importers, was permissible under the law, and we do not believe the court intended it so to be.

It is not to be overlooked that in the Irwin case (*supra*) the value of the merchandise was not involved, but only the question of the right of the importer to so separate and import his goods as to subject them to the lowest possible rates of duty. It would be a very unsafe rule to lay down that where rates of duty are based upon limitations of value, such as we find in paragraph 333 and in the wool schedule, the high-grade qualities might be graded down to keep the prices thereof under the high-duty limits, while as an excuse or compensation therefor the prices of the lower grades were proportionately raised, but always to points safely within the low-duty limits.

We are unqualifiedly of the opinion that the 116-warp matting may not be appraised at the low-duty value upon any other showing than that it is actually sold at such a price in usual wholesale quantities, independently of all the other grades, as will bring it, according to the prevailing rate of exchange at the date of exportation, equal to 10 cents or under per square yard.

On the record we find the foreign market value of standard 116-warp matting at the date of the exportation of the merchandise here involved to have been 23 cents (Hongkong dollars) per square yard; but the evidence shows that the 116-warp matting here involved is of slightly inferior quality, and we find that the foreign market value of 5,216 bales thereof was at the date of exportation 21½ cents, less legitimate nondutiable charges (Mexican) per square yard, less 2 per cent discount; and as to the remainder 707 rolls, we find the value to be as entered, and we decide accordingly.

[Reappraisement Circulars Nos. 1518-1521. Division of Customs, 1907.]

REAPPRAISEMENT OF MERCHANDISE BY UNITED STATES GENERAL APPRAISERS.

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, January 7, 1907.

To collectors of customs and others concerned:

The following reappraisements of merchandise were made by the United States General Appraisers on December 27, 28, 29, and 31,

1906, and January 2, 1907, under the provisions of section 13 of the act of June 10, 1890.

LESLIE M. SHAW,
Secretary.

NOTE.—In corresponding with the Board of General Appraisers relative to any of the items in these circulars, reference should always be made to the number of reappraisement.

Reappraisement No. 9288, straw matting.—From Cheong Loong, Canton. Exported August 11, 1906, entered at Boston. File No. 42666. Invoice No. 5102. Findings of McClelland, G. A.: 4/4 S'less fancy narrow 80/85, entered at \$0.20 $\frac{1}{2}$, advanced to \$0.23 Mexican per yard. Ditto white 70/75, entered at \$0.20 $\frac{1}{2}$, advanced to \$0.23 Mexican per yard. Discount 2 per cent. Less export duty, lekin tax, and boat and coolie hire.

Reappraisement No. 9962, straw matting.—From Shewan Tomes & Co., Canton. Exported September 26, 1906; entered at New York. File No. 42787. Invoice No. 24057. Findings of Board No. 3: 4/4 S, less fancy narrow ngle, entered at \$0.20 $\frac{1}{2}$, advanced to \$0.23 Hong-kong per yard. Discount 2 per cent. Less export duty, lekin tax, and boat and coolie hire. Previously published in reappraisement No. 9346, January 4, 1907.

The CHAIRMAN. You say this is straw?

Mr. SAWYER. This one is what is called "Japanese straw."

The CHAIRMAN. What is the name of this?

Mr. SAWYER. The name of this is the *Juncus effusus*, and this one here is the *Cyperus tegetiformis*.

The CHAIRMAN. I wish you would tell me just what this Chinese matting can be laid down in New York for before this duty is paid—how much a yard?

Mr. SAWYER. Fourteen cents before the duty is paid.

The CHAIRMAN. The duty is 7 cents?

Mr. SAWYER. Three cents.

The CHAIRMAN. No; all over 10 cents in value the duty is 7 cents.

Mr. SAWYER. The duty is not assessed upon what matting is laid down for in New York; it is assessed on what the Chinaman says it costs in Canton.

Mr. UNDERWOOD. That is a question of valuation and not a question of duty.

Mr. SAWYER. Yes, sir. If the Chinamen will bill that for 9 $\frac{1}{2}$ cents, it does not matter if it costs the Chinaman 14 cents. I have known them to do it. I am talking facts now.

Mr. UNDERWOOD. That is not the law; that is something that should be looked after by the executive department which collects the duties. The question is what it ought to be.

Mr. SAWYER. I am not saying what it ought to be, but what happens. They pay 3 cents a yard on more than nine-tenths of the mattings—more than that.

Mr. UNDERWOOD. There is one question I would like to ask you about this proposition of establishing a new industry here. What does it cost to raise an acre of this straw?

Mr. SAWYER. We are unable to say. We have not raised an acre as yet. The agricultural company did that for us. They paid a farmer for doing it, experimentally.

Mr. UNDERWOOD. Do you know what profit there would be in it?

Mr. SAWYER. I know they say there would be a good profit at 2 cents a pound, or \$40 a ton, which we are willing to pay.

Mr. UNDERWOOD. Can you pay that now?

Mr. SAWYER. We could if the matting paid its rightful duty of 7 cents and 25 per cent ad valorem.

The CHAIRMAN. How much does the freight cost on straw from Texas to your factory?

Mr. SAWYER. We have never freighted any from Texas to our factory. What we have gotten from Texas has come by express. We have only gotten a little so far. This is the first year—

The CHAIRMAN. You have been at it three or four years.

Mr. SAWYER. We have been at it six years in all, but this is the first time we have ever grown any American grass and made matting from American grass.

The CHAIRMAN. Do you manufacture it in Texas?

Mr. SAWYER. No.

The CHAIRMAN. You manufacture it in Maine?

Mr. SAWYER. Yes.

The CHAIRMAN. Why do you not make it in Texas?

Mr. SAWYER. You understand that this is a new thing for Texas, to raise this grass.

The CHAIRMAN. Can it be raised anywhere else but Texas?

Mr. SAWYER. Oh, yes; it can be raised in Louisiana and South Carolina and California as well. I have already referred to the fact that Mr. Haskell raised his straw in South Carolina.

The CHAIRMAN. But you do not expect us to put on a duty that will pay you for freighting this straw from Texas to Kennebunk?

Mr. SAWYER. No, sir; I do not.

Mr. FORDNEY. You stated that you were willing to pay \$40 a ton for it?

Mr. SAWYER. Yes, sir.

Mr. FORDNEY. And the cost there, did you base it on \$40 a ton.

Mr. SAWYER. No; it would cost a trifle less; it costs 27 cents, I think.

Mr. UNDERWOOD. How much does the farmer make if you pay him \$40 a ton for it?

Mr. SAWYER. I could not go into that, I do not know as to that.

Mr. DALZELL. He said this straw could be raised on land that rice grows on. That is what you said, is it not?

Mr. SAWYER. Yes; on abandoned rice land.

Mr. DALZELL. Could a man afford to abandon his rice crop in order to grow this grass?

Mr. SAWYER. No; here is the report from the Agricultural Department showing the abandoned lands of South Carolina, where this stuff could be raised, with nothing growing on it now. I have visited some of that land myself.

The CHAIRMAN. They could raise rice on the same land?

Mr. SAWYER. Yes; they could raise rice or this grass.

The CHAIRMAN. And do they have to flood this land in order to raise this grass, the same as they do in raising rice on the land?

Mr. SAWYER. Yes; they plant it under water.

The CHAIRMAN. So they have to have rice land to raise it on?

Mr. SAWYER. Yes.

The CHAIRMAN. At \$40 a ton could they make as much as they could putting the same land in rice?

Mr. SAWYER. I do not know.

The CHAIRMAN. You do not know about that?

Mr. SAWYER. I do not know about rice; no, sir.

The CHAIRMAN. There is room for investigation on this subject, then?

Mr. SAWYER. What we ask for is the difference for our labor—labor cost.

Mr. UNDERWOOD. But you do not know whether it would pay the farmer to go into this, if you put the duty up?

Mr. SAWYER. I know the Agricultural Department says it will.

Mr. UNDERWOOD. They do not go into the amount of profit to the farmer?

Mr. SAWYER. No; but the farmer himself says it will pay—the man who has raised it says it will pay.

Mr. RANDELL. You would raise the price of matting, though, to the people of the country who use matting?

Mr. SAWYER. No, sir.

Mr. RANDELL. You would not raise the price?

Mr. SAWYER. No, sir; not a cent.

Mr. RANDELL. What good would it do you, then?

Mr. SAWYER. It would do us this good: This matting, matting that is almost as good as this [indicating], is now landed in New York undervalued at 17 to 19 cents—

Mr. RANDELL. It ought not to be undervalued. The proper thing to do would be to correct that undervaluation, and that would be something that would be up to the executive department, would it not?

Mr. SAWYER. That is something they have tried to prevent, and can not—they can not do it. This matting is landed at from 17 to 19 cents. It costs us 29 cents to make it. The retailers have bought thousands of rolls of that matting [indicating] at 32 cents to 36 cents, and in New York City last week I took an order for 60 yards at 40 cents a yard—this goods [indicating]. They want American-made goods.

The CHAIRMAN. You do not know what the freight is, do you?

Mr. SAWYER. Yes.

The CHAIRMAN. What is it?

Mr. SAWYER. One dollar and twenty-five cents a hundred; and a roll of matting weighs perhaps 80 pounds. It is about a cent and a half a yard.

The CHAIRMAN. How many yards in a roll of matting?

Mr. SAWYER. Forty yards. I am talking about China matting. The average weight between Japanese and China—China matting is considerably heavier than Japanese matting.

The CHAIRMAN. Mr. McNeir, do you know what the freight is on matting to New York—from China to New York?

Mr. McNEIR. It is a dollar to \$1.25 cents a hundred.

STATEMENT OF MR. GEORGE McNEIR.

I would like to say, while I am on my feet, that I hope when they go into Mr. Dorman's suggestion about the neutralizing of duties that they will look very carefully into that argument, and remember that when we are doing business with these countries that are on a silver basis, the Government of the United States, the Treasury Department, fixes the value of the gold dollar of all these countries, and whether dealing in depreciated silver or wampum or anything else, we buy those oriental rugs and mattings on a gold basis, and we invoice them in the United States on a gold basis, and we pay the duty on a gold basis.

So it makes no difference what kind of a money basis these foreign countries are on, we have to deal with the United States Government in gold, and when a roll of matting sells for 8 yen in Japan, that is the equivalent of \$4 in gold, and if they get it above 8 yen, then it brings the high duty.

The firm I represent brings in over 5,000,000 yards of these goods every year and we sell—I was going to say about 50,000 yards of carpet every day in the year, and we know something about whether these goods compete with American carpets or not.

It is a strange fact that when the ingrain people came to this committee and asked for a duty they got their duty, and the ingrain industry commenced to fade away. It has been on the decline. We have more ingrain looms, twice as many ingrain looms as Mr. Dornan. Mattings have not run the ingrain carpets out of this market. It has been because of the fabric itself. So many weaves have been invented and so many other low-price carpets made that are more in demand than ingrain carpets that the ingrain business has suffered, and Mr. Dornan himself has sold his ingrain looms and gone into the manufacture of Axminster carpets, as we all have. Mattings have had no more to do with the decline in the ingrain industry than American cheap carpets have had.

I have a great respect for Mr. Dornan, but he is away off on this proposition.

I want to say, in regard to this American industry, that if these gentlemen's views are to prevail, this committee must go further and put a heavy duty on China and Japanese straw, because the moment we refuse to take their mattings they will begin to ship their straw over here, and we will not be able to compete.

The reason we can not get the China and Japanese straw now is because the governments of China and Japan will not permit that straw to be taken out of the country. I was approached ten years ago by a gentleman from Maine, who invented a matting loom, and he asked me to go over to China and manufacture this matting. The fact is, straw can not be dealt with by the power loom. In this connection I will say that a few of these looms were set up in Hong-kong by Shewan, Tomes & Co., but they were not successful. They have not been run since.

They tried to bring straw in from China and make mattings, and they found it was impracticable.

You can never raise straw in this country on land that is fit for anything else in the world and compete with the straw of China and Japan.

We are in favor of a fair duty on matting. If you put the duty on matting at 10 cents you will run everybody out of the business except our firm and one or two others that have an ample amount of money behind them. You can not kill China and Japanese mattings in this country. But the business will be confined to a few who can put up any amount of duty. Ten cents will be very nearly a prohibitive duty, and it will lessen the importation of mattings to a considerable extent, but it would not stop it entirely.

But here is a gentleman that appears before you that, in the face of 50,000,000 yards of mattings that the people are glad to get, asks you to put a prohibitive duty on matting, forsooth, because he has got a hundred looms that may turn out in the course of a year a few million yards of matting, against 46,000,000 or 50,000,000 yards imported, and to say that you can sell a man a carpet when he wants to buy a matting is very much like saying that you can sell a man a lemon when he wants to buy an orange, or a linen duster when he wants to buy an overcoat. [Laughter.]

Mr. SAWYER. I would like to say a word, Mr. Chairman.

The CHAIRMAN. You may have just three minutes.

Mr. SAWYER. He says we can not get straw from China. I went to China myself and got all the straw I wanted.

In answer to what the gentleman has said, I want to say we are making mattings and we will continue to do so.

He says that 10 cents a yard is a prohibitive duty. The duty to-day is 10½ cents on the qualities——

The CHAIRMAN. That is merely repeating what you have already said, and it is not necessary to go into that.

Mr. WIRTZ. Can I have just a few moments?

The CHAIRMAN. You have been heard before.

Mr. WIRTZ. Yes.

The CHAIRMAN. No; we will not have time to hear you again. Are there any other gentlemen who have not been heard who wish to be heard now?

The committee will take a recess until 9.30 to-morrow morning.

(Thereupon, at 7.05 p. m., the committee took a recess until to-morrow, Tuesday, December 1, 1908, at 9.30 a. m.)

SCHEDULE A—CHEMICALS, OILS, AND PAINTS.

BARYTES.

NULSEN, KLEIN & KRAUSSE MANUFACTURING COMPANY, OF ST. LOUIS, MO., ASK FOR AN INCREASE OF DUTY ON MANUFACTURED BARYTES.

St. Louis, Mo., November 27, 1908.

HON. SERENO E. PAYNE,
*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: The following is submitted to show the value of barytes as a pigment and the benefits that will accrue if a sufficient tariff duty is placed on the manufactured product.

Barytes is the sulphate of the metal barium, so named because of its great weight, from the Greek word "barus," meaning heavy.

It is found in many parts of the world, generally accompanying the ores of lead. In its crystallized form it is known to the English miners as "heavy spar," and "cawk," to the German miners as "schwerspath," and to miners in various parts of the United States as "lead bloom," "tiff," etc.

In its fine state, as an ore, it varies from colorless transparency to snowy whiteness, and from a moderately hard, compact body to the softness of French chalk.

The chief sources of supply in the United States are Missouri, Tennessee, and Virginia.

The principal use of barytes is in the manufacture of paint, for which purpose it has been largely used in Europe since the eighteenth century or earlier.

While barytes has undoubtedly been used in many cases as an adulterant, and such use can not be too strongly condemned, the evidence of its high value as a legitimate pigment in paints is overwhelming.

Before quoting authorities in support of this claim let us examine the properties of barytes as compared with other paint pigments in common use.

The most important constituent of good paint is linseed oil. As is well known, the painting qualities of the paints in common use depend largely upon this material. Linseed oil, in common with a few other scarcer oils, has the property of absorbing oxygen from the air and thereby becoming converted into a tough, elastic, transparent substance of "rubbery" character. Certain metallic oxides, like the oxides of lead, manganese, etc., have the property of hastening this action, and are used in the manufacture of "dryers" intended for this purpose. Linseed oil of itself absorbs oxygen very slowly and is therefore a long time in drying.

Some of the pigments in common use themselves act as dryers; others have little or no action on linseed oil.

The umbers, siennas, iron oxides (Venetian red, India red, etc.), mineral browns, red lead, litharge, and white lead are all dryers; zinc oxide, lampblack, graphite, carbon black, etc., are not.

While it is necessary that a paint shall dry within a reasonable time, it is desirable that after the paint is once hard the absorption of oxygen shall cease as nearly as possible, otherwise the oxidation will go on until the paint is entirely destroyed.

Barytes is one of the "inert" pigments, so called because they have no chemical action on linseed oil nor on other pigments; and of all the inert pigments barytes is the most inert, with the exception of the various carbon blacks (lampblack, graphite, etc.), which are also absolutely inert.

But barytes is also a colorless substance. If mixed alone with linseed oil it scarcely clouds the oil. If mixed with a color, the color remains unchanged. Therefore, barytes is also "inert" as to color.

This fact is taken advantage of by color manufacturers in the preparation of some of the lakes as well as in the reduction of certain very deep colors which would be too expensive for ordinary use if used without reduction. In such cases the coloring material is precipitated on a barytes base.

Chrome green is a familiar example. If a pure chrome green were used for painting, it would cost about 50 cents a pound in oil, and would make a very unsatisfactory paint; but if precipitated on a barytes base in the proportion of about 20 to 25 per cent of color to 75 or 80 per cent of the base, the cost is correspondingly reduced, the paint covers better and lasts longer. The reduced green, which is known in the trade as "commercially pure," sells for about 10 to 15 cents per pound.

Another use of barytes is to dilute or extend the pigments which destroy linseed oil, so as to lessen the injury done by them.

A familiar example of this is the grinding of carbonate of lead (ordinary white lead) with a certain percentage of barytes. Most painters know that pure white lead in oil will "chalk" sooner than any other paint. When mixed with large quantities of "color" this effect may be reduced, because the "color" in this case may act the same as barytes. "Chalking" is caused by the action of one of the constituents of white lead (the hydrated oxide) on the linseed oil of the paint. In the presence of moisture—in exterior work, for example—this action is continuous until the oil is entirely destroyed.

Diluting the lead with an inert pigment like barytes naturally reduces this action, and it is a fact well known to old painters that the "graded leads" put out by the corrodors before the advent of the lead trust lasted much better than the pure leads of to-day. These "graded leads" all contained from 25 to 70 per cent of barytes or of zinc and barytes.

When the trust was formed and competition no longer worried the corrodors, they naturally preferred to sell their own product alone; so they stopped making the famous old "graded leads" and began a campaign against what they are pleased to term "adulteration."

But there is not a painter living to-day who does not know that the leads in the market before 1885, or thereabouts, lasted better than the pure leads of to-day. The superiority of these old leads was in many

cases due to the fact that they contained liberal percentages of barytes.

A third use of barytes is to thicken the coating of paint where the principal pigment is very fine and hence carries an excess of oil. Familiar examples of this use are found in the grinding of oxide of zinc or of lampblack with barytes. Every painter who has ever mixed dry zinc with oil knows that it takes up much more oil, pound for pound, than white lead. With lampblack the quantity of oil required is astonishing. Naturally, a single coat of such paint spreads out very thin, and it is scarcely possible to secure a good job with three coats. But if, say, 40 per cent of barytes is ground with the zinc, or from 60 to 80 per cent with the lampblack, the proportion of oil required is much less, the paint does not spread so far, and perfectly satisfactory three-coat work can be done with it. As the barytes itself is colorless and inert, the paint in either case will wear better than if the barytes had not been added.

Barytes has the further important property of giving "tooth" to a coat of paint that would be too hard and smooth without something of its kind. It is well known, for example, that if barytes be added to paint in which the different coats tend to separate (peel) the fault will be entirely corrected.

White-lead manufacturers are human like the rest of us. If they can persuade the painter and the public to use nothing but straight lead and oil for painting, it is clearly to their advantage. Anything added to white lead reduces the consumption of lead by just so much. But it is to the interest of the painter and consumer to have his paint cost as little and last as long as possible. Barytes reduces the cost of paint, while making it more durable.

As before stated, the authorities for this statement are almost countless; in fact, practically every paint authority not connected with the manufacture or sale of white lead is on record in favor of barytes. We quote a few of them.

Dr. C. B. Dudley, chief chemist of the Pennsylvania Railroad, says of the inert pigments, including barytes:

We believe greater durability, fully as good working qualities, equally good drying qualities, sufficiently good covering power, and diminished cost can be obtained by mixing inert materials with other pigments where they will stand it, than will be obtained by using as pure materials as can be obtained in the market. * * * Suppose 1 ounce of oxide of iron in two coats will cover 2 square feet of surface so that the surface will be completely hidden, and any painter would pronounce the job a satisfactory one so far as covering power goes. Second, suppose now a contiguous 2 feet had 1 ounce of the same oxide of iron on it but in addition it had 3 ounces of inert material, such as barytes. * * * mixed with the oxide of iron, the whole being spread in two coats as before. * * * We say the question is, Which of these two paints would have the greater durability? We have no hesitation in saying the second one would, and all our experiments confirm this view. * * * Use a mixture of white lead and zinc white, possibly in equal quantities, as a basis. Add to this the necessary materials to produce the tint desired, and then add all that the material will bear of inert material. (Railroad and Engineering Journal, April, 1901.)

In an article on "The theory and use of inert pigments," published in *Drugs, Oils, and Paints* for October, 1896, Doctor Dudley carefully reviews the whole subject, and, among other things, says:

A better and more durable job of painting will generally be secured if a proper amount of good inert material forms a part of the pigment than if the pure pigments alone are employed.

Prof. George H. Hurst, of the Municipal Technical School, Manchester, England, and author of half a dozen standard works on paints and colors, says in his *Painter's Colors, Oils, and Varnishes*:

Barytes is one of the most important white pigments at the disposal of the painters, probably, in this respect, ranking next to white lead both as to the extent of its use and to its qualities as a pigment. * * * It is quite unaffected by any injurious influences, such as affect white lead, and therefore as a pigment it is the most permanent white known. * * * As an oil paint it is satisfactory to use.

Maximilian Toch, F. C. S., the well-known paint chemist and paint manufacturer, in his *Chemistry and Technology of Mixed Paints*, says:

No paint chemist will dispute the fact that barytes adds wearing quality to paint. * * * An experiment was made with one-third carbonate of lead, one-third zinc oxide, and one-third barytes on an exposed wall of a high building in New York in 1885. The surface is still (1906) in a moderately good state of preservation, and as a comparison a wall painted five years ago with the pure Dutch process white lead has not stood as well in five years as the combination mixture has stood in twenty years. * * * It is interesting to note that the inert filler added so much to the life of the paint which contained it. In view of this fact, the paint manufacturer is justified in recommending the use of inert fillers in his paint on the ground of increased longevity.

Zeer and Rubencamp, the latest German writers on paint, in their *Handbook of Color Making*, say:

As a pigment used alone, as already noted, it is not available, since in water it has but little opacity and in varnish practically none, but exactly this quality makes it peculiarly valuable as an addition to opaque colors, wherein its perfect inertness to other chemical compounds becomes of especial importance. * * * Many of the color lakes without this addition would be technically unavailable. For example, chrome yellow, which is distinguished by its remarkable opacity, as well as the product made by its mixture with the similarly opaque Berlin blue—the so-called chrome greens—would find practically no use as paints, since they yield neither uniform nor in some cases beautiful colors without the addition of definite proportions of barytes to clear their tints and to modify their working qualities. The same is the case with most of the color lakes, the fire of which is so increased by the addition of certain white bases (barytes in ordinary cases) as to make them fit for their intended uses. The slight opacity of barytes is here a valuable quality, for the tones of the lake are brightened as required by its addition without sensibly affecting the opacity of the color.

Robert W. Job, chemist of the Pennsylvania Railroad, in a lecture before the Franklin Institute, after quoting Doctor Dudley's indorsement of barytes, continued:

The above is clear and to the point and is in thorough accord with the teachings of our service results * * * It will be noted that our No. 12 paint, which gave excellent service, was composed of 75 per cent of inert matter and only 25 per cent of material even slightly chemically active.

The same authority, in an article on "Economy and durability in painting," published in the *Scientific American* for April 21, 1906, tells of a sandstone bridge on which his company wished to stop disintegration. A paint composed of nothing but barytes and linseed oil was applied. "This paint," he says, "of course, was nearly transparent and did not mar the appearance of the stone, but it acted as a binder, and the pigment gave excellent protection." In the same article he says, "Our practice as regards black car paint is to specify approximately 10 per cent of black, the rest being very finely divided inert matter. * * * Paint of this quality is more satisfactory in

working than pure black pigment, and the results in service are equally durable, while the cost is relatively low."

Quotations of this kind from authorities in every part of the world might be multiplied indefinitely, but to what purpose?

Every old painter knows the "good, old leads" outlasted the best leads of to-day, and the "good, old leads"—that is, the best among them—contained proper proportions of barytes.

There is no doubt whatever that a due proportion of barytes increases the wearing qualities of any chemically active pigment, and what that "due proportion" may be is indicated by Doctor Dudley's rule:

The law, as we understand it, is this: "You may use as much inert material as will leave good optical covering power when the paint is properly mixed and applied."

His formula for a properly compounded white paint is "equal volumes of lead and zinc, with the addition of as much inert material as can be used without seriously impairing opacity."

It is a settled question: Barytes does add value to paint and makes it more economical in two ways—first, by lessening the actual cost of the paint itself; second, by lengthening its period of service.

The lead trust, appreciating the fact that the use of barytes not only displaced an equal quantity of white lead, but largely reduced its consumption, owing to the better wearing quality of what is known as "graded" leads, have spared no expense in their endeavor to destroy the barytes industry. Their broadcast advertising has had such a telling effect that the grinders of graded leads found it to their advantage to brand their product "Strictly Pure Lead." In the past two years a great many States have passed laws prohibiting the sale of any paint except the strictly pure (as it is termed) unless such paint contain a full analysis of its ingredients in the form of a label on the container. The consequence is that the consumer will only buy unlabeled paint, which, in fact, is inferior to that which is labeled.

It will take time and a considerable expenditure of money, used in advertising, to inform the public that graded leads are not only cheaper but more durable and better in every respect than "strictly pure white-lead paint."

On account of insufficient protection, the profits to the barytes manufacturer have been so small that he could not afford to advertise the advantages gained by the use of his product. We now respectfully ask for a material increase in duty, say to \$12 per ton, on manufactured barytes, so as to enable the manufacturer not only to make a fair profit on the capital investment, but sufficient to enable him through extended advertising to inform the public of the value of his product to the consumer. This increased duty, if granted, will be a benefit not only to the manufacturer, but will enable the labor employed in this industry to be better paid and give the public a far better paint for less money than they are using to-day when they purchase the strictly pure brands.

Respectfully,

ALB. G. NULSEN
(Of Nulsen, Klein & Krausse Manufacturing Co.).

CAUSTIC SODA AND SODA ASH.

PITTSBURG, PA., *November 27, 1908.*

HON. SERENO E. PAYNE,
*Chairman Committee on Ways and Means,
 Washington, D. C.*

HONORED SIR: Referring to the duty on soda ash (par. 78) and caustic soda (par. 76), I wish to say that inasmuch as the importations of these products have largely decreased under the Dingley tariff, I believe it is safe to make a reduction of $33\frac{1}{3}$ per cent in the present rates of duty on soda ash and 20 to 25 per cent on caustic soda. I should be glad to see it tried for a time to see how we get on under such a tariff. I do not know how other manufacturers may feel about this schedule, but I believe in reductions wherever there seems to be reason therefor.

Yours, truly,

W. L. CLAUSE, *President.*

SIENNA EARTHS.

NEW YORK, *November 28, 1908.*

HON. S. E. PAYNE,
*Chairman Ways and Means Committee,
 Washington, D. C.*

SIR: We take the liberty of writing to you with reference to paragraph No. 49, Schedule A, of our present tariff. This paragraph reads as follows:

Ocher and ochery earths, sienna and sienna earths, and umber and umber earths, not specially provided for, when crude or not powdered, washed or pulverized, one-eighth of one cent per pound; if powdered, washed. or pulverized, three-eighths of one cent per pound; if ground in oil or water, one and one-half cents per pound.

We think that this paragraph should be changed by omitting the word "washed" in the first part of the paragraph. The reason that we request this is that considerable of the sienna earths that we import from Italy are naturally washed, or are in such condition that they do not require to be washed before sending to this country. The goods are in lumps, but not washed. The merchandise, in some instances, has been classified, and we are obliged to pay a duty of three-eighths cent per pound, although we are obliged to powder the material in our mills in the same manner as other sienna earths, as well as umber and ocher earths that we import under the same classification, which are of a harder substance, and which are also classified at one-eighth cent per pound duty.

The material in question can not be used by paint manufacturers in the same manner as goods classified at three-eighths cent per pound duty. The classification, therefor, of these few sienna earths that are mined and are sufficiently washed by nature as to not necessitate their washing by hand, classifies them at three-eighths cent a pound duty, but without material benefit to ourselves or to our customers.

We trust, therefore, that on consideration of these duties you will be able to omit the word "washed" in the first portion of the paragraph.

Yours, respectfully,

J. W. COULSTON & Co.

SOAP FATS.

COLGATE & CO., NEW YORK CITY, SUBMIT BRIEF ASKING THAT TALLOW AND OILS USED IN THE MANUFACTURE OF SOAP BE PUT ON THE FREE LIST.

NEW YORK, *November 27, 1908.*

CHAIRMAN TARIFF COMMITTEE,

Ways and Means Committee, Washington, D. C.

DEAR SIR: There are about 500 manufacturers of soap in this country. Keen competition has resulted in keeping the price as low as raw materials permit.

We request that tallow and cotton-seed oil, which enter largely into the composition of laundry soap, be put on the free list, and that other oils which are already on the free list, such as cocoanut oil, palm oil, etc., remain untouched.

TALLOW.

Tallow is practically a raw, not manufactured, article.

This country has in the past and does at the present time export yearly large quantities of tallow—91,000,000 pounds last year. By removing the duty of 2 cents a pound, which represents from 30 per cent to 40 per cent of its value, the exports would not diminish, nor would imports amount to any considerable quantity, but its removal would prevent violent fluctuations in the price of this article and keep speculators from dealing largely in it.

Some years ago tallow was on the free list, which proved to be most beneficial to soap manufacturers, as it enabled them to figure with more assurance on the probable cost of this article than is possible to-day.

Figures obtained from the United States Bureau of Statistics show that during the period when tallow was on the free list but very little was imported.

The United States would lose but little revenue by removing the present duty, which has averaged during the past four years less than \$9,000 per year.

The renderer of tallow in this country would not be injured, for he would still continue to export, but the manufacturer of soap would be benefited for the reasons given above.

COTTON-SEED OIL.

Cotton-seed oil has a duty of 4 cents per gallon, equivalent to a little over one-half cent a pound. A very large proportion (41,000,000 gallons last year) of the total output in this country is exported, so that if the tariff were removed renderers of the oil would not be affected, as the article would still continue to be exported. Manufacturers of soap, however, would be benefited by having this article freed from the manipulation of speculators, as cotton-seed oil is largely dealt in by them, and prices are subject to violent changes. If the manufacturer could feel that when the market is excessively high he could import the oil, the effect would be a stability in the cotton-seed oil market which at present does not exist. It is almost certain that little or no oil would be imported if on the free list; therefore the

tariff could be removed without injustice being done to the pressers of cotton-seed oil.

In behalf of the large soap industry of this country we most earnestly ask that the duty on these two articles be removed.

COCOANUT OIL.

We understand that effort is being made to place a duty upon this oil. Against this we most earnestly protest, believing that the very small amount of cocoanuts which could possibly be raised in this country would always be insignificant as compared to the total amount of oil used by manufacturers. It would greatly injure the soap industry were this oil taken from the free list. The same argument applies to palm and other oils not produced in this country and already on the free list.

Trusting that these facts may receive your favorable consideration, we remain,

Yours, very truly,

COLGATE & Co.

P. S. We will be pleased to give you any further information you may desire.

VANILLIN.

THE STANDARD ESSENCE COMPANY, OF MAYWOOD, N. J., SUBMITS BRIEF, ASKING THAT DUTY ON VANILLIN BE NOT REDUCED BELOW 30 CENTS AN OUNCE.

MAYWOOD, N. J., *November 27, 1908.*

HON. SERENO E. PAYNE,

House of Representatives, Washington, D. C.

DEAR SIR: Assuming that the question of tariff on vanillin will at the proper time engage your attention, we take the liberty of placing before you some facts with the hope that the protection afforded under the Dingley Act will be continued.

Vanillin is the essential flavoring principle of the Vanilla bean, the commercial article being synthetically produced from oil of clove. The present consumption in the United States is probably something over 500,000 ounces annually. It is used for various purposes, but chiefly in the manufacture of flavoring extracts and perfumery.

Previous to 1896 it was exclusively made in Europe and was sold in America for \$5 and over per ounce. It then paid an ad valorem duty of 25 per cent. In 1896 a factory was started in the United States, but was stopped by the foreign manufacturers putting the price below the American cost. Appeal was made in 1897 for the specific duty, which was accorded under the Dingley Act. Even with this help and an expenditure of over \$100,000 it was not until 1899 that the American manufacturer was able to begin to compete with the European makers. With profits beginning to show, more experimental work was done and more money invested until soon there were several factories located in this country. By hard work and enterprise cost has been so reduced that vanillin, for which about ten years ago the European producer demanded from the American consumer \$5

per ounce, is now, after keen domestic competition, sold for 32 cents to 35 cents per ounce. This competition has been so close within a year as to be sold at a loss, at 25 cents per ounce, at which price several manufacturers had to discontinue. We mention this simply as evidence that at the present prices of 32 cents to 35 cents per ounce the article in the United States is only very moderately profitable.

The present specific tariff accomplished the purpose of opening an entirely new business in the fine chemical line in this country, which before was of necessity closed to American consideration, but which is now supporting several manufacturing plants, giving employment to a goodly number of hands of exceptional intelligence, and calling for a grade of wages for help and professional chemical superintendence of the most expensive sort. Manufacturers now have added other articles in the same line with increasing benefit to the consumer in this country by compelling lower prices in the same manner as with vanillin. We can not yet meet the latest reduced foreign scale of prices, but we have forced their heretofore exorbitant demands on these fine chemicals to a basis of reasonable profit, while home competition prevents anything beyond this in the United States.

While profits have not yet reached proportions commensurate with the capital invested, still substantial and encouraging progress has been made and the foundation is laid on which is being built an industry in which American enterprise and investment in manufacturing fine chemicals is taking a place which has heretofore been yielding indisputably and exclusively to Europe.

We can only maintain our foothold and make expected growth by the continued assistance of a specific duty which will hold the trade on vanillin exclusively for the American manufacturers. This duty doubtless could now be reduced, but it should remain at a level which will effectually prevent importations. We would recommend no change, but under any circumstances the tariff should not be below 30 cents per ounce, specific.

Yours, very truly,

STANDARD ESSENCE COMPANY,
EDWIN W. PRESTON,
Treasurer and Secretary.

YELLOW PRUSSATE OF POTASH.

PHILADELPHIA, PA., *November 27, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee on Ways and Means,
Washington, D. C.*

DEAR SIR: In the statement attributed to Mr. Albert Plaut, of the firm of Lehn & Fink, manufacturing chemists, New York City, before your honorable committee during the hearings on tariff revision, Schedule A, the following sentence occurs:

As a concrete example of the necessity for revision making for the equalization of tariff rates, I will just give the instance of prussiate of potash, which at present is subjected to a duty of 8 cents per pound for red and 4 cents for yellow. The importers and manufacturers have got over this prohibitive duty by using prussiate of soda, which in certain preparations can be used with little difference from potash and is only liable to a duty of 25 per cent.

We wish, especially, to call your attention to the point that Mr. Plaut refers to the duty on yellow prussiate of potash as being prohibitive. This statement is very inaccurate, and lest your committee might be influenced by it, we respectfully call your attention to the fact that the imports during the year 1907, ending December 31, were for yellow prussiate of potash, 1,156,757 pounds, on which duty was collected to the amount of \$46,270.28. The importation of this article continues during the present year, and according to our best information, will very nearly equal in quantity the amount produced by the American makers.

Yours, very truly,

CARTER & SCATTERGOOD.
CHARLES EVANS.

SCHEDULE B.—EARTHS, EARTHENWARE, AND GLASSWARE.

CLAYS.

MOORE & MUNGER, NEW YORK CITY, SUBMIT BRIEF RELATIVE TO
STATEMENT OF AMERICAN CLAY COMPANY TO COMMITTEE.

NEW YORK, *November 27, 1908.*

HON. S. E. PAYNE,

*Chairman Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: On reading the printed report of your hearing, I notice a number of inaccuracies in the brief submitted to you by the American Clay Company and others, to which I would respectfully call your attention.

The statement is made that English kaolins are almost without exception residuary deposits, are all abundantly supplied with water and are able to use hydraulic methods. The signer has personally inspected nearly all of the English kaolin mines, and, as far as he knows, none of these are of a residuary character, none has an abundant supply of water, and none is able to use hydraulic methods in mining. Water is so scarce in the part of Cornwall where kaolin is produced that in many mines the water for washing the clay has to be run into tanks, settled, and used over again.

The statement is made in the fourth paragraph of the brief mentioned that English kaolin can be shipped from Fowey to Atlantic seaports at from \$1 to \$1.75 per ton. The cost of shipping from the mines in England to the port of Fowey is from 3 cents to 4 cents a hundred. From Fowey to Liverpool the rate is from 4½ cents to 5 cents a hundred. From Liverpool to Atlantic seaports it is from 5 cents to 6½ cents a hundred, according to the quantity shipped. The present rate of freight from Baltimore to Chicago is 12 cents a hundred, and from New York to Chicago 15 cents a hundred. The present rate of freight, therefore, to the largest shippers from the English mines via Liverpool and Atlantic seaports is not less than 24½ cents to 27½ cents a hundred as against 23 cents a hundred from the Georgia clay mines.

Kaolins produced in North Carolina and Florida are in successful use by manufacturers of good grades of pottery in this country, and the North Carolina kaolins are actually commanding a higher price at East Liverpool and other pottery centers than good grades of imported kaolin. We note particularly that the important producers of North Carolina kaolin do not appear among your petitioners as anxious to avoid a reduction in duty. In the signer's experience none of the Georgia or South Carolina kaolins have had successful use in competition with English kaolins in the better grades of pottery, although under the present tariff they can be delivered at several dollars a ton less. The signer does not know of any instance where the Georgia kaolins have ever been used in the production of the better qualities of book and coated papers.

From this it would appear that under the present tariff domestic kaolins can successfully compete with the English kaolins and even command a higher price, as notably instanced by the North Carolina kaolins.

We notice that your petitioners presented no figures. The signer is not prepared to submit accurate figures, but believes that the wages paid to common labor in England at present are about 30 per cent less than those paid in Georgia.

Respectfully submitted.

HENRY C. MUNGER.

GYPSUM.

WASHINGTON, D. C., November 27, 1908.

HON. S. E. PAYNE, M. C.,
Chairman Committee on Ways and Means,
House of Representatives.

MY DEAR MR. PAYNE: The inclosed letter of November 23 from the Akron Gypsum Company, Akron, N. Y., explains itself. They state that removal of the existing tariff of 50 cents per ton on Nova Scotia gypsum rock would be almost fatal to their business. I beg to request that the letter receive the committee's very careful consideration.

Very respectfully,

D. S. ALEXANDER.

AKRON, N. Y., November 23, 1908.

HON. D. S. ALEXANDER, M. C.,
Washington, D. C.

DEAR SIR: Kindly protect our interests in the revision of the tariff regarding gypsum rock. At the present time there is a duty of 50 cents per ton on Nova Scotia gypsum rock. It would be almost fatal to our industry in western New York for this duty to be removed. Were it removed it would drive us entirely from eastern New York and New England States' markets, as well as eastern Pennsylvania.

There is a large amount of money invested in the gypsum business in Erie and Genesee counties which should be protected. Our profits in this business are so close that if the 50 cents per ton duty were removed it would be a serious matter for us.

Kindly give the matter the attention which it deserves, and very much oblige,

Yours, very respectfully,

AKRON GYPSUM COMPANY,
Per GEO. J. RALPH, President.

READING, PA., *November 28, 1908.*

CHAIRMAN WAYS AND MEANS COMMITTEE OF THE HOUSE,
Office Building, Washington, D. C.

DEAR SIR: We are users of terra alba, manufactured from imported gypsum rock, which at present pays a duty of 50 cents per ton.

Inasmuch as there is no material in this country from which a corresponding finished product can be produced, we ask that the present duty be removed.

It is a burden to the manufacturer and consumer and, so far as we can learn, is not needed for the protection or development of any domestic product or interest.

Yours, respectfully,

THE A. WILHELM COMPANY,
H. J. HAYDEN, *General Manager.*

EAST NEWARK, N. J., *November 28, 1908.*

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

DEAR SIR: We are manufacturers of wall plaster and fireproofing materials for architectural purposes, and use annually about 10,000 tons of calcined plaster made from Nova Scotia gypsum.

Owing to its superiority in every respect, we prefer this article, but are compelled to pay 50 cents per ton more than we can buy calcined plaster manufactured in the United States from American gypsum.

The manufacturers of Nova Scotia plaster state that the difference in price is on account of the fact that they have to pay 50 cents per ton duty to the United States, and they further state that if the duty is removed they will make a corresponding reduction on the plaster sold to us manufactured of Nova Scotia gypsum, and under these circumstances your committee will see that the consumer pays the duty.

We therefore earnestly hope that you will grant us relief and abolish the duty on raw Nova Scotia gypsum.

Respectfully,

THE N. J. ADAMANT MANUFACTURING CO.,
S. B. SIMON, *Secretary.*

SCHEDULE C.—METALS AND MANUFACTURES OF. AUTOMOBILES.

THE FORD MOTOR COMPANY, OF DETROIT, MICH., SUBMITS BRIEF
AGAINST INCREASE OF DUTY ON MOTOR CARS.

DETROIT, U. S. A., *November 23, 1908.*

HON. SERENO PAYNE,
Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: Within the past few days it has come to our attention that a large number of manufacturers of automobiles in this country,

being, no doubt, a majority of the members of what is known as the American Motor Car Manufacturers' Association and the Association of Licensed Automobile Manufacturers, have appointed committees to attend a hearing granted by your committee on the subject of the tariff on automobiles.

The time was so short that we did not have an opportunity of bringing the matter before the associations above mentioned, but we have written to all of the members of this committee vigorously opposing the petition which they propose to present to your committee urging for an advance of the 45 per cent ad valorem tax now imposed on automobiles to 60 per cent ad valorem.

We believe that this petition does not represent the position and attitude of all the members of the associations referred to. We are unalterably opposed to any increase in this tariff. We believe that this so-called infant industry is fully protected all it should be, and, in fact, we believe the present tax is a greater protection than this industry should have. The industry has progressed sufficiently far, we believe, to not be entitled to any greater protection than would be represented by the actual difference in the amount of labor paid to manufacture automobiles in this country and that which is paid to manufacture automobiles in Europe. This difference is very small, as the amount of labor on automobiles in proportion to the amount of material is almost insignificant.

If the tariff must be revised, it should be reduced and under no circumstances raised.

The majority of material entering into an automobile should not cost any more in this country than in foreign countries, and, in fact, on account of our national resources, should cost less, and if the tariff is properly adjusted so that the materials entering into the production of an automobile are not unduly protected by tariff, then it should be no question of the so-called "infant industry" getting any protection, beyond the labor above mentioned.

This is an old worn-out argument—this question of protecting American labor against the pauper labor of Europe.

We believe the large number of manufacturers who desire this protective tariff desire it to protect their incompetence and inability to produce and sell automobiles at a price at which they can and should be produced and sold at. This incompetence—this lack of management—should not be protected by the United States Government, and especially to the detriment of other manufacturers who are able to build and sell automobiles at the price at which they should be built and sold.

We are the largest manufacturers of automobiles in the world; we know what they cost, and we know what they can be built for. If the manufacturers who complain, as they have complained in their petition, about the decreased prices at which automobiles have been imported from Italy, would alter some of their extravagant methods—their extravagant salaries and their extravagant policies—they could and would be able to readily compete with those cars imported from Italy and France.

The reason that the prices of automobiles have been so high in the past is because of the demand being in excess of the supply. They have been accustomed to high prices and extravagance, and they are afraid that they will be forced to legitimate competition by the

European manufacturers, who have now fairly well supplied the demand for cars of the type generally in use.

We could continue at length, but we will not take up your valuable time, except to request that your committee, before taking any action, give this company the opportunity of presenting its case properly before your honorable committee.

Yours, very truly,

FORD MOTOR COMPANY,
J. COUZENS, *Secretary and Treasurer.*

CLOCKS.

THE CHELSEA (MASS.) CLOCK COMPANY ASKS FOR NEW CLASSIFICATION FOR LEVER CLOCKS AND SHIP'S CHRONOMETERS.

BOSTON, *November 25, 1908.*

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee, Washington.

DEAR SIR: AS I may not be able to be present at the hearing I understand your committee is to give on tariff matters, I write as to the particular industry of the Chelsea Clock Company.

With the exception of about 1,000 pendulum clocks made each year, its output is wholly of high-grade lever clocks. For years it has been the ambition of parties to make high-grade clocks in commercial quantities to compete with the imported French and German clocks, principally those made in France, close to an average of about 75,000 of which, I am informed, are annually imported into this country. My information is that these French-made clocks are made under conditions which are not in vogue in this country and not likely to be—that a family at odd times makes a certain part, say a pinion, another family another pinion, and so on through all the principal pieces of material going to make a clock movement—that a party goes around and collects and pays a trifling sum (made not in a factory, but at homes, by men, women, and children, at odd times, afternoons, evenings, etc.), takes them to an assembler, where the clock movement is put together.

As against such labor cost we have to employ highly skilled labor, paying therefor the highest wages, and equip a factory with expensive machinery. The present factory cost of the completed article of this quality is, approximately, material 15 per cent, labor and usual factory costs 85 per cent.

We are slowly, but as quickly as possible, building up a trade with such parties as Tiffany & Co., of New York City; Bailey, Banks & Biddle Company, of Philadelphia; Spaulding & Co., of Chicago, and Shreve & Co., of San Francisco, and like grade high-class jewelers in leading cities. Some of our patterns are being copied and made by the aforesaid cheaper labor in foreign countries, and we think an additional duty of \$5 per lever clock and per lever-clock movement, having jewels in the escapement, and also on ship's chronometers, should be provided for in the new tariff. Also that the maximum tariff rate should be used for any country compelling our owners of

patents to manufacture same in such country or forfeit the patent there. For instance, we have a patent here and in Great Britain on a ship's bell clock, largely used on yachts, steamships, etc. The patented part is a very small part of the entire mechanism, the amount of trade in Great Britain at present is not sufficient to start even a small mill, and yet any of the clockmakers there, with the cost of labor, etc., much lower than here, can affix our patented attachment to their clock mechanism and supply the English and foreign markets, and reap the benefit of our good improvement and extensive advertising of same.

We, as I suppose a great many other manufacturers of patented articles, have been solicited to purchase or lease factory sites in England in order to protect our patents from forfeiture, and the tendency will be to enlarge their production there by American capital employing foreign labor, and as the patented article could not in many instances keep a factory production well balanced, the chances are that the manufacture of other and not patented articles will be transferred there.

Hence, if the maximum tariff rates are applied to such countries, it is possible and likely that their law forfeiting patents of Americans if the article is not manufactured abroad would be repealed in order to have the advantage of our minimum tariff rates on their exports to this great market—America.

Showing how foreigners are endeavoring to get the benefit of our work in building up a business in high-grade lever clocks, we annex a letter just received from our traveling salesman, and also quote from a letter dated November 6 from one of our very largest customers. (The foreign-made sample referred to was an exact copy of our clock which we designed and made a success of; even the peculiar-shaped holes we put in back of our plate were copied.)

The movement we showed your Mr. McGraw (the mill manager of Chelsea Clock Company) appealed to us, as it is a well-finished piece of work. * * * but we would much prefer to deal with a concern in this country rather than import.

The argument is along the lines of using the foreign-built clock, copied after ours, to force us to make a lower than a reasonable price.

CHELSEA CLOCK CO.,

CHARLES H. PEARSON, *Treasurer.*

EXHIBIT A.

ST. LOUIS, MO., *November 23, 1908.*

THE CHELSEA CLOCK COMPANY.

GENTLEMEN: Business has not started here yet. Kennard is full up. Mr. Gale tells me that Herschede is coming out this spring with full line mantel wood clocks fitted with German lever movements.

It looks to me that Ed Herschede took our half-hour movement to Germany with him last summer and will have it made there.

Yours, very truly,

FRANK H. KELLSEY.

CUTLERY.

SOUTHBRIDGE, MASS., *November 20, 1908.*

To the honorable COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Concerning Harrington Cutlery Company, Southbridge, Mass.: Capital stock, \$30,000; number of hands, 50; wages and salaries, \$30,000; sales at home, \$60,000; sales abroad, \$4,000; originally established in 1818; continued, by individuals and partnerships (in Harrington name), in a small way, until 1902, when present company was incorporated; growth at present being very rapid.

Schedule C, paragraph 155, interests us, and we very strongly urge that present rate be maintained, in order that we may continue present standard of wages. Some grades of cutlery manufactured by us would be entirely eliminated should rates on same be reduced.

We respectfully ask your favorable consideration.

Yours, very truly,

HARRINGTON CUTLERY COMPANY,
 CHAS. D. HARRINGTON, *Treasurer.*

(Represented by Col. Albert Clarke, of Boston.)

ENAMELED WARE.

THE STEWART COMPANY, OF MOUNDSVILLE, W. VA., ASKS FOR ASSESSMENT OF DUTIES UPON PRICES IN THIS COUNTRY.

MOUNDSVILLE, W. VA., *November 23, 1908.*

HON. JOHN DALZELL,
Washington, D. C.

DEAR SIR: We wish to speak with reference to the duty on enameled ware included in article 159, under Schedule C.

We are not manufacturing the so-called "American granite and agate ware," but are confined exclusively to white-lined or porcelain-line enameled iron and steel ware. Our competition comes directly from German manufacturers. The brands against which we have to contend are known to the trade as "Stransky steel ware," "Pyro-lite enamel ware," "Elite enamel ware," and other well-known brands, all of which are manufactured in Germany and at least one of which are found in almost every good department store and retail hardware store in the country.

We have invested in the business here in West Virginia \$450,000, and are doing a business in this city alone of \$800,000 per annum. We claim and believe that we are manufacturing ware equal in quality to that made in Germany, but we are not holding our own with the foreign ware, importations of which are steadily increasing. It is not because we do not understand the business in which we are engaged, nor do we think that a higher rate of duty than 40 per cent is necessary, but we attribute our difficulties—

First. To a distinctive finish that comes of a superior technique or a delicacy of workmanship that has been acquired by the Germans through generations of experience.

Second. A disposition on the part of the American consumers to give the preference, at equal prices, to any class of goods that bears the magic word "imported" or "made in Germany."

Third. And most serious of all is the unfair advantage taken by the importers of German goods whereby the duty of 40 per cent is in effect greatly reduced on all articles, and on some articles it is cut in two. We refer to the fact that an importing house in New York, owning its own enamel-ware factory in Germany and manufacturing exclusively for itself, can and does consign its product of the German factory to its distributing house in New York at valuations that have no reference to cost of production and bear no relation to the price at which the goods are to be sold in this country. The mere fact that their values are not sworn to and are not open to correction by the customs officials at the port of entry is an invitation to perpetrate a fraud on the Government, and the growth of the importations is an evidence that the importers are taking advantage of this weakness in the administration of customs.

Fourth. Again, taking advantage of that clause referring to unfinished goods, the importer has certain goods consigned to him as unfinished goods, admitted under a lower rate of duty, certain articles, such as coffeepots in one shipment, unfinished because without covers, and covers in another shipment, unfinished because without pots, both of which articles become finished when the cover is put on the pot after passing the custom-house. Other articles requiring bails continue to be unfinished goods until after the bails are affixed in this country.

Fifth. We submit that this mode of procedure defeats the will of Congress, deprives the Government of its fair revenue, and brings to us unfair competition. Whatever may be said of the grosser forms of steel manufactures, this line of business is emphatically an infant industry that needs and must have protection.

As stated, 40 per cent ad valorem properly administered is sufficient, but we would like to see the frauds perpetrated through the unfinished clause done away with by abolishing that clause, and we would like to see 40 per cent duty assessed upon valuations that bear some relation to the price for which the goods are going to be sold in this country, since it is impossible to ascertain the true market value of goods in Germany of which 90 per cent is manufactured for export. The insignificant 10 per cent can be and is sold at a very low price in Germany to fix a valuation for the 90 per cent that is exported, and even the 10 per cent would not be selected goods.

We suggest that a lower rate of duty than 40 per cent would be more real protection if based upon values in New York than in Germany.

We are convinced that unless these abuses that have grown up quite recently are not remedied now, that the outlook for the American manufacturer of enamel ware is very dark, indeed.

Respectfully submitted.

THE STEWART STAMPING CO.

GUN SHELLS.

CHICAGO, ILL., November 27, 1908.

CHAIRMAN WAYS AND MEANS COMMITTEE,
Washington, D. C.

DEAR SIR: I would like to call the attention of your committee to the fact that paper shotgun shells, some times known as "paper shotgun cartridge cases," are not specified in the Dingley bill, consequently they come in as manufactured articles. The component part is chiefly brass and carries a duty of 45 per cent ad valorem, and if you will have the records looked up you will find there has been scarcely any of these goods imported for the reason that 45 per cent is a prohibitive tariff.

I am sending you under separate cover a sample of imported paper shotgun shells and will state that I would like to import these goods and load them here with powder, wads, and shot, but under the present rate of duty I can not do so and I must depend on American manufacturers for supplies of these goods, and the same manufacturer may cut off my supply at any moment leaving me with machinery for doing this work that will be useless.

I would be glad to go to Washington and present this case to you in person, but the amount involved would be trivial as compared with subjects you are now handling, for as a matter of fact I think I could import about 2,000,000 of those shells per year, and the average price per thousand shells should be approximately \$4 per thousand or a gross sum, say, of \$8,000 per year, and I would recommend that these shells be put either on free list or if the Government could reap a benefit from this business I should recommend 10 per cent ad valorem, not to exceed 20 per cent ad valorem, or a flat rate of, say, \$1 per thousand if you prefer to put it that way.

The shells are described "primed empty shotgun shells" or "primed empty shotgun-cartridge cases," the latter is the term used in Europe more frequently and the former is the term used in this country most frequently.

The above items could consistently be added to paragraph 424 under the title of explosive substances of the Dingley bill.

I think you will find the only shells now imported are pin-fire—not made in this country.

Yours, truly,

FRED BIFFAR.

IRON ABRASIVES.

MANSFIELD, OHIO, November 23, 1908.

HON. JOHN DALZELL,
Ways and Means Committee, Washington, D. C.

DEAR SIR: We are manufacturers of iron abrasives, iron shot, iron grit, and steel shot, and as such we find that we are unable to compete with the 45 per cent duty charged on the same materials brought from Scotland and England. We learn upon investigation that the

machinery scrap such as we use costs us from \$15 to \$17 per ton and costs our competitors from \$8 to \$10 per ton. Labor there is \$1 per day for the ordinary workman and here is from \$1.75 to \$2. At 45 per cent duty it is simply impossible for us to meet this competition.

We are the only factory of the kind in the United States, and those being the facts we respectfully ask, you being interested in the Pittsburgh district, to give us your cooperation when the matter of duty on iron shot, iron abrasives, steel shot, etc., is brought before the Ways and Means Committee for discussion.

If we can be protected in such manner as to make the cost of the foreign goods equal to the cost of our goods, we can unquestionably increase this industry to a point where it would be of profit to the owners and the district in which it is located.

If you can make any suggestions to us that would be of benefit in aiding us in getting this duty advanced on iron abrasives, we shall be very glad to have you do so. If the 45 per cent duty maintains it will simply put us down and out, as it is impossible for us to exist and to meet foreign competition.

Can you suggest to whom it will be best to submit proofs of our inability to meet foreign prices?

Very truly, yours,

THE GLOBE STEEL COMPANY.

LEAD.

TACOMA, WASH., *November 23, 1908.*

HON. SERENO E. PAYNE,

Chairman Ways and Means Committee, Washington, D. C.

DEAR SIR: The Tacoma Chamber of Commerce and Board of Trade desires to join in protest against any reduction in the tariff on lead, and desires to state that it is our firm belief if the duty on lead is reduced it will surely close down the lead mines of the Northwest and stop development of the lead mines of Alaska, which are now in their infancy. Higher wages paid in the United States as against Mexico, Australia, and Spain would make competition with these foreign countries impossible for us.

We trust that this matter will have due and fair consideration at the hands of your committee. The development of the mining interests of the whole Northwest and Alaska is a very important factor in this section of the country, and means a great deal to us in a general way. A very large percentage of our ores carry a great amount of lead, and we are naturally obliged to look to the results from the protection of this metal for the safe and profitable development of our mining industries.

If your honorable body should desire any further information in regard to this matter, I beg to assure you we will be pleased to furnish the facts to substantiate our statements.

Very truly, yours,

PERCY L. SINCLAIR, *Secretary.*

SPOKANE, *November 17, 1908.*

Whereas the United States produces more lead annually than it consumes; and

Whereas the lead-mining industry, employing thousands of men at high wages, is largely dependent upon a fair price for lead bullion; and

Whereas a reduction in the tariff on lead ores and lead bullion would be followed by a reduction of the market price of the commodity, which in turn would cause many mining properties now being operated at a profit to be shut down and thus cause great pecuniary loss to thousands of investors, as well as take away employment of thousands and cause a reduction in wages to miners employed in mines which would survive under the new régime: Therefore, be it

Resolved, By the board of trustees of the Spokane Chamber of Commerce, members concurring, that we earnestly protest against any revision of the tariff which shall reduce the present duty of $1\frac{1}{2}$ cents per pound on lead ores and $2\frac{1}{2}$ cents per pound on lead bullion; be it further

Resolved, That we urge our Senators and Congressmen to vote against any proposed reduction of the tariff on lead ores or lead bullion; that a copy of these resolutions be sent to each of our Senators and Congressmen and to Sereno E. Payne, chairman Ways and Means Committee of the House of Representatives; also, to the secretary of the Associated Chambers of Commerce of the Pacific Coast for its indorsement.

BOARD OF TRUSTEES,
By F. E. GOODALL, *President.*

Attest:

L. G. MONROE, *Secretary.*

LEAD AND ZINC.

PITTSBURG, PA., *November 23, 1908.*

HON. JOHN DALZELL,

House of Representatives, Washington, D. C.

DEAR SIR: Being interested in the production of lead and zinc in this country, I take the liberty of writing to urge you to use your influence to have continued the present import duty on lead ore, and to have provided a like rate of duty on imported ore containing metallic zinc. This will mean very much to all producers of these ores in this country. Asking your kind consideration and thanking you in advance for the favor, I am,

Sincerely, yours,

HOMER L. CLARK.

LEAD-COVERED CABLES.

THE STANDARD UNDERGROUND CABLE COMPANY, OF PITTSBURG, PA.,
SUBMITS BRIEF RELATIVE TO VARIOUS ARTICLES USED BY IT.

PITTSBURG, PA., *November 25, 1908.*

HON. JOHN DALZELL, M. C.,

Washington, D. C.

DEAR MR. DALZELL: I have just learned that the Ways and Means Committee of the House of Representatives is holding hearings on

tariff revision at Washington, with respect to "Metals, and manufactures of," to-day; and I hasten to give you my views regarding such manufactures as we are interested in, in the hope that they may arrive in time for consideration.

I inclose a list of articles in which we are interested either as manufacturers thereof, or as buyers thereof for use in our manufactured products.

In the items under No. 450, four of them, 137, 329, 176, and 193, we are interested as manufacturers; and upon the assumption that none of them are applicable to telegraph or other electric cables having a lead cover (lead pipe) over the same, I state to you that the American manufacturers would have reasonable protection if the present schedules were retained as the maximum percentage tariff, and a flat reduction of 10 per cent (i. e., $35 - 10 = 25$; $45 - 10 = 35$ per cent) as the minimum percentage tariff for all of those items upon which the present tariff is fixed by way of a percentage; with no change in the per pound addition of item No. 137; and the following change in item No. 176, copper rods, namely, a maximum tariff of $1\frac{1}{2}$ cents manufactures n. s. p. f., 45 per cent."

With respect to telegraph or other electric cables having a lead cover, the schedules are not at all clear, but I have the impression that item No. 329 is meant to cover lead-covered cables, when taken in combination with the duty on lead pipes (par. No. 182 of the existing tariff act), $2\frac{1}{2}$ cents per pound, or (par. No. 193) "lead manufactures n. s. p. f., 45 per cent."

This matter, however, ought to be clarified, and it can be done by adding to the items numbered 450, 137, and 329 the words "If lead covered, add to the duty applicable to the core or wires inclosed therein a duty of $2\frac{1}{2}$ cents per pound of lead contained in the lead cover," or words to that effect.

If the duty on lead (see item No. 182 on the inclosed sheet) is reduced as hereinafter suggested, then to the extent of such reduction in cents or fraction of a cent per pound the $2\frac{1}{2}$ cents per pound suggested in the preceding paragraph of this letter should be reduced.

I desire to urge a reduction in the duty on lead ore (item No. 181 on inclosed sheet) and on lead in bars, pigs, granules, and other forms. The figures of the present schedule as to lead are entirely unreasonable, excessive, and unfair. Take pig lead, for example: The duty of $2\frac{1}{2}$ cents per pound has often within my own business experience of twenty-five years been equal to 100 per cent of the London price, although to-day it happens to be only 50 per cent plus c. i. f. Pig lead is the raw material of manufacture in many industries and the very high protection which it now enjoys is making the cost of finished products of many kinds anywhere from 50 to 100 per cent higher than they would be if lead were on the free list. I do not suggest that it should be put on the free list by any means, because the high-priced labor in mining and smelting must be borne in mind.

I may be reminded that, so far as the use of pig lead is concerned in the manufacture of goods for export, the export rebate clause provided for such cases in the Dingley bill gives us back nearly all the duty on imported lead, and this is a wise provision, without which the small chance which we now have of competing with foreign manufacturers in the world's markets would be entirely obliterated.

But notwithstanding the rebate clause in the Dingley bill, the high duty on lead (and the resultant higher prices for domestic lead) produces a very serious handicap to all American manufacturers of goods for export containing lead. In their efforts to sell such goods in foreign countries whose tariff laws include the so-called "antidumping" clause (as does Canada) they are confronted by the provision that goods offered in that foreign country at a lower price than sold for at home are penalized in some cases to the full extent of the difference if the goods are of a class that are also produced in that foreign country. Hence the Dingley rebate is of no use under these circumstances, and a large portion of the foreign market is closed against us.

My suggestion is that the present schedules on lead, whether in ores, pig, bars, or otherwise, be cut approximately in half, making the duty on lead contained in ores about three-fourths of a cent per pound and the duty on pig lead, bars, granules, etc., 1 to 1½ cents per pound.

My use of the words "maximum" and "minimum" has reference to the possibility that the Congress might decide to enact a tariff bill containing maximum rates and minimum rates (the latter for trading or reciprocal uses), such as the German tariff laws contain.

We shall be greatly obliged to you if you will use your influence to bring about the adoption of the suggestions contained in this letter.

Very truly, yours,

JOSEPH W. MARSH,
Vice-President and General Manager.

P. S.—All the items on the inclosed sheets, to which I have not referred by number in this letter, are materials which we buy; in other words, they are the "raw materials" of our manufacture, and I have no suggestion to make regarding any of these except, for what I have said on the subject of lead. Of course the tariff should not be increased on any of those articles.

Yours,

J. W. M.

EXHIBIT A.

PITTSBURG, PA., November 24, 1908.

Par.

484. Asbestos, unmanufactured, free.

448. Asbestos, manufactures of, 25 per cent.

464. Acids, muriatic, free.

1. Acids, sulphuric, one-fourth cent per pound.

93. Asphaltum, crude, not dried or otherwise manipulated or treated, \$1.50 per ton.

6. Alcohol, wood or methyl, 20 per cent.

93. Asphaltum, molded into blocks for transportation, \$3 per ton.

524. Benzole, as coal-tar product, free.

450. Cable core, telegraphic, of copper and gutta-percha; dutiable as gutta-percha at 35 per cent ad valorem.

450. Cable, telegraph, if old, dutiable at 35 per cent ad valorem.

450. Cable, telegraph, new, as gutta-percha, at 35 per cent.

137. Cable, telephone, switchboard, composed of copper wire coated, etc., rated on size of wire and additional, per pound 1½ cents.

329. Cable, all others according to materials used in them, dutiable at 45 per cent.

302. Cotton yarn, carded, warps or warp yarn, in singles, whether on beams or in bundles, skeins or cops, or in any other form, except spool thread, not colored, bleached, dyed, or advanced beyond the condition of singles, grouping or twisting two or more single yarns together, on all numbers up to and including No. 15, per pound, 3 cents.

802. Cotton yarn, etc., exceeding No. 15 up to and including No. 30, per number per pound, one-fifth cent.
302. Cotton yarn, exceeding No. 30, per number per pound, one-fourth cent.
302. Cotton yarn, colored, bleached, dyed, combed, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, whether on beams or in bundles, skeins or cops, or in any other form except spool thread of cotton, on all numbers up to and including No. 30, per pound, 6 cents.
302. Cotton yarn, on all numbers exceeding No. 20 and up to No. 80, per number per pound, one-fourth cent.
302. Cotton yarn, exceeding No. 79, per number per pound, three-tenths cent.
532. Copper, in ingots, bars, pigs, and unmanufactured forms, free.
176. Copper rods, 2½ cents per pound.
193. Copper wire, insulated or plain, by which is meant articles or wares not specially provided for in the act, composed wholly or in part of copper, and whether partly or wholly manufactured, 45 per cent ad valorem.
341. Jute burlap, as jute cloth, not exceeding 60 inches in width, weighing not less than 6 ounces per square yard, and not exceeding 30 threads to the square inch, counting the warp and filling, per pound, five-eighths of a cent and 15 per cent.
341. Jute burlap, as jute cloth, if exceeding 30 and not exceeding 55 threads to the square inch, per pound, seven-eighths of a cent and 15 per cent.
328. Jute yarn, ss. 700, not finer than 5 lea or number, per pound, 1 cent and 10 per cent.
328. Jute yarn, if finer than 5 lea or number, 35 per cent.
181. Lead ore, 1½ cents per pound on lead contained therein.
182. Lead, in bars or pigs or granules or any form not specially provided for, 2½ cents per pound.
37. Linseed oil, raw, oiled or oxidized, per gallon of 7½ pounds, 20 cents per gallon.
184. Mica, unmanufactured or rough trimmed only, 6 cents and 20 per cent.
184. Mica, crude or trimmed, 12 cents and 20 per cent.
607. Manganese, oxide of, free.
322. Oil, coal, crude or refined, free.
626. Oil, china, nut or wood, free.
402. Paper, rope, not specially provided for, 25 per cent.
695. Ozokorite mineral wax, free.
548. Rosin, crude, free.
449. Rubber, reclaimed, 30 per cent.
- (?) Rubber, crude, not scheduled.
614. Talc, free.
6. Talc, ground, as not elsewhere manufactured article, 20 per cent.
683. Tin, in ore or in bars, blocks, pigs, or in grain, free.
192. Zinc, in blocks or pigs, 1½ cents per pound.

MICA.

ANDOVER, MASS., *November 27, 1908.*

HON. WILLIAM K. PAYNE,

Clerk Committee of Ways and Means, Washington, D. C.

DEAR SIR: As a geologist I have been all over the New Hampshire mica belt on foot and am familiar with the industry. The American mines (including not only North Carolina, but New Hampshire, South Dakota, and Colorado) are conducted by small companies. These produce considerable revenue for their stockholders, and the land owners, chiefly native mountaineers of original American stock, profit to considerable extent. At the present duty on manufactured and unmanufactured mica these miners and landowners are able to hold their own in the four or five mica districts of the United States. As to the total number of persons so employed I could not state pre-

cisely, but opine that 3,000 or 4,000 are so engaged. The total value of the industry is something like \$1,000,000 per year. It is truly a small American industry and deserving of support by retaining the present duty on mica.

So far as my travels extend through the mica belt the people and the miners both are all in favor of the duty. The only opposition is from powerful corporations, such as the General Electric Company and the Westinghouse interests. At least so men of these companies informed me last summer.

All of us who are interested in this industry are agreed in the belief that removal of the duty will cause every American mine to cease operations, for our people can not compete against the natives of India. Removal of the duty will please the two large electrical companies and the British owners of the Indian mines.

Respectfully submitted.

WARREN K. MOOREHEAD.

REVOLVERS, SHOTGUNS, AND BICYCLES.

FITCHBURG, MASS., November 25, 1908.

HON. SERENO E. PAYNE, *Chairman,*
Washington, D. C.

HONORABLE SIR: We wish to enter our protest against any reduction in tariff on revolvers, shotguns, and bicycles.

We feel that the present rate hardly protects our manufactures, and we hope you will use your influence to protect the makers of the above-named lines of goods, and not have the tariff on same reduced.

Thanking you for anything that you can do for us in this connection, we are

Very truly, yours,

IVER JOHNSON'S ARMS AND CYCLE WORKS.
FRED I. JOHNSON.

SAWS.

E. C. ATKINS & Co., OF INDIANAPOLIS, IND., ASK THAT PRESENT DUTIES ON SAWS BE RETAINED.

INDIANAPOLIS, IND., November 24, 1908.

HON. SERENO E. PAYNE,
Chairman Ways and Means Committee,
Washington, D. C.

MY DEAR SIR: Knowing that the hearings before your committee on tariff revision will reach Schedule C, Metals and the manufactures thereof, on November 25, we take this opportunity of writing you in reference to tariff matters concerning the manufacture and sale of saws of all kinds.

We know full well that your committee is exceedingly busy and pressed for time in this matter, and we do not ask to be heard in person unless it is the desire of your committee to be enlightened as to

the general conditions concerning the manufacture and sale of saws. We want to merely say in connection with the tariff proposition as it affects our own business that:

In the first place, English manufacturers are to-day underselling us in export markets, and they will continue to do so, owing to the large difference in the cost of manufacture abroad and in our own country. If the tariff should be revised in our business the foreign manufacturer would then enter our own market, and between the two evils—namely, our inability to compete with them in foreign markets, on the one hand, and their ability to compete with us in our own market, on the other hand—we would much prefer the present state of affairs.

In the second place, there are large saw manufacturers in Canada, and the duty on our goods into Canada is 30 per cent ad valorem on the whole line. If the tariff should be changed, it would allow Canadian manufacturers to come into our markets and undersell us right away. This we would not consider advisable. Such a condition of affairs would mean material reduction in cost of manufacture, which would mean reduction in wages and the earning power of our workmen.

In the third place, Sweden is now sending in crosscut saws notwithstanding our duty of 6 cents per foot, proving beyond question that our duty on saws is not prohibitive as it now stands.

In the fourth place, we want to call your attention to the difference in the cost of labor here and abroad as it applies to our own business. Saw smiths are earning to-day in the United States from 40 to 50 cents an hour, abroad from 20 to 25 cents, other labor in proportion.

We also want to say that a comparison between the Dingley tariff and the Wilson tariff shows no change in the charges on products of our factory. The Wilson tariff was supposed to be a tariff for revenue and not, in the strictest sense of the word, a protective tariff, and in no respect is the tariff on saws prohibitive.

We do not care to take your time or that of the committee to enlarge upon this subject further than is absolutely necessary, but if there is any disposition to change the tariff in any way, we should want to have an opportunity to be heard before such changes are made.

Very truly, yours,

E. C. ATKINS & Co.,
H. C. ATKINS, *President*.

STEEL-HARDENING METALS.

SOME FACTS IN SUPPRT OF APPLICATION FOR AMENDMENT TO PARAGRAPHS 122 AND 183 OF ACT OF JULY 24, 1897, PRESENTED BY H. C. HARRISON, REPRESENTING THE SUSQUEHANNA SMELTING COMPANY, OF LOCKPORT, N. Y.

LOCKPORT, N. Y., *November 17, 1908.*

The COMMITTEE ON WAYS AND MEANS,

House of Representatives, Washington, D. C.

GENTLEMEN: In presenting our application to you for amendment to paragraphs 122 and 183 of the act of July 24, 1897, we wish to briefly outline the history of the manufacture of ferrosilicon, upon which commodity we ask, in place of the present tariff of \$4

per ton, adequate protection to enable a manufacturer in this country to compete upon fair terms with the foreign imported material.

Ferrosilicon is a ferro alloy (an alloy of silicon and iron made in an electric furnace) upon which the tariff has been expressly fixed by Congress, act July 24, 1897, paragraph 122, together with ferromanganese, at \$4 per ton, whereas every other ferro alloy, such as ferrochromium, is at present appraised in the class of "metals unwrought," act July 24, 1897, paragraph 183, carrying a 20 per cent ad valorem duty.

The use of both of these alloys by the steel makers is now large and increasing. We are not ourselves interested in the question of the duty upon ferromanganese and wish to submit no data for arguments upon this commodity. In the case of ferrosilicon, however, we wish to point out that the present conditions are essentially different to those that existed at the time that Congress passed the act of July 24, 1897. At that time it was represented that this commodity was a necessity to the steel makers, and there being no domestic industry involved, no injustice was done to a domestic industry by admitting this commodity practically untaxed. Since the fixing of this nominal tariff upon ferrosilicon, up to a comparative recent date, nearly all of the ferrosilicon consumed in this country has been imported from abroad, a fact that is clearly shown by the customs returns. During this period no serious attempt was made in this country to supply the domestic needs. Within the last two years, however, several manufacturers have turned their attention to the establishing of a domestic industry with a view to supplying the demand for ferrosilicon in this country, and in addition to this, some works have been erected on the Canadian side, using Niagara power, in order to save the freight and transportation charges from Europe and be in close touch with American market.

The points we wish to put before you relevant to Canadian competition are that our principal raw materials, namely, iron and charcoal, enjoy, respectively, a protection of \$4 per ton and approximately \$2 per ton, which means that to make 1 ton of finished product of ferrosilicon indirectly we pay \$3 duty on our raw materials and enjoy ourselves only \$4 per ton protection. To realize what this means it must be remembered that our chief competitor in Canada buys charcoal at two-thirds the price at which we can obtain it, and, using government bounty-fed power, obtains power, the principal item of cost in the manufacture, actually from the same company who supply us, at a price fully 25 per cent cheaper than we, with a most advantageous power contract, can buy it in this country.

The additional points we wish to put before you relevant to competition from Europe are as follows:

It is well known that Norway, Sweden, and the Austrian Tyrol are all abundantly supplied with potential water-power developments, which, owing to the local conditions, are capable of extremely cheap development. It is claimed that in Norway and Sweden together there is easily 30,000,000 to 40,000,000 horsepower which can be cheaply developed if required, and already some very big factories have been erected in both of these countries, where the cost of power is so low that processes can be carried on there commercially which it would be difficult to carry on even with Niagara power. It is

claimed that horsepower in these two countries can be bought at \$6 to \$7 per h. p. y., and there seems nothing unreasonable in this assertion.

With reference to the Austrian Tyrol, from which district principally the ferrosilicon which has been imported into this country has come, we submit the following information in greater detail. In this district, without pretending to compile a complete list, we instance seven separate water-power companies, as below, of which the total horsepower capacity is in the neighborhood of 33,000 horsepower.

	Horsepower.
Innspruch	6, 500-13, 000
Landecher Carbide	8, 000
Brennerwerke Matrei	8, 000
Rienzuerk de Brixen	2, 700
Das werk bei Kardaum zwol malgreim	2, 000
Etschwerke, Bozen, and Meran	6, 000
Trient	1, 000

In these works we have definite information that the cost of horsepower to the customer is between \$7 and \$8 per h. p. y., and that the customer pays for this power by contract upon terms which are more beneficial to him than the terms of power contracts common in this country. In addition to these concerns actually noted there is some 36,000 horsepower generated in the Austrian Tyrol by plants of \$1,000 horsepower and over. In Bosnia, too, one large works employs great quantities of power, probably as much as 20,000 horsepower. All of this power is available for the manufacture of electric-furnace products, and will, when steel trade is busy, be largely employed upon the manufacture of ferrosilicon.

It is obvious that the European market will not absorb all the material so made, and the necessary result follows that in times of prosperity in this country the foreigner will dump his surplus make into this country, which to all intents and purposes, so far as this commodity goes, is an open market. It is well known that the surplus production of any industry tends to be dumped at an artificially low price in any free-trade center of industry, and it is this unfair competition against which we ask adequate protection.

In addition to the extremely cheap power which these continental countries enjoy, it must be remembered that the material so made is made by labor which is paid approximately upon less than one-third the scale of wages existing in similar industries in America. For instance, common labor in the Tyrol is paid at the rate of 5 cents per hour, superior labor at approximately 6 cents per hour, furnace men working on the furnace at 7 cents per hour, and competent foremen in charge at 10 cents per hour, whereas the scale of wages for men conducting similar operations in this country will be, respectively, 17½ cents, 20 cents, 25 cents, and 30 cents. This is a direct consequence of the principle of protection, the benefits of which we do not ourselves yet enjoy.

To put the matter in a nutshell, it is certain from these two considerations alone that the foreigner is able to produce fully 25 per cent cheaper than a manufacturer in this country.

We suggest that this is a case where a new American industry is in grave danger of being killed by foreign competition, and unfair competition at that, and it seems hard that American capital should

be lost in an honest endeavor to establish an American industry to manufacture a product the use of which is now large and increasing, and which is closely connected with one of the great industries of the country.

Yours, very truly,

SUSQUEHANNA SMELTING Co.,
HERBERT C. HARRISON,
Vice-President.

Hon. George F. Huff, M. C., of Pennsylvania, presented the following letter:

MONESSEN, PA., *November 25, 1908.*

HON. GEORGE F. HUFF,
Greensburg, Pa.

DEAR SIR: Information reaches us that the Ways and Means Committee have revised paragraph 183 for the purpose of establishing new rates of duty on ferro alloys. Now, as these are raw materials instead of finished products, and being used for obtaining certain definite results in the production of steel and iron, we firmly believe that any increase in duty over that under which these have been admitted would tend to increase costs of production for American manufacturers of iron and steel. While the production of these alloys progresses to a certain extent in the United States, yet the American production of these materials does not appear in due proportion to the demand or use of them, nor does it appear probable that home manufacturers could meet the demand if a prohibitive or greatly increased duty were to be levied thereon; hence we believe the greater interests are better protected by maintaining lower duty rate than by advancing these port entrance charges; hence this letter to you, with special request that you urge putting the alloys in question under their proper classification of \$4 per gross ton.

In connection with the above, we understand that the Ways and Means Committee are meeting to-day for the consideration of this subject-matter and we thought perhaps you would be interested in advancing our interests in the matter, which are only similar to others of the other manufacturers, and that possibly other parties might be taking up the same issue with you and the various Congressmen, Senators, and committee, and that the necessary opposition would be such as to protect us accordingly.

Thanking you for giving this proposition such consideration as it deserves, and with best regards, we are,

Yours, very respectfully,

PAGE WOVEN WIRE FENCE Co.,
E. C. SATTLEY, *Manager.*

TOOLS.

COL. ALBERT CLARKE, OF BOSTON, MASS., SUBMITS BRIEF OF THE L. S. STARRETT COMPANY, OF ATHOL, MASS., ASKING RETENTION OF PRES-
ENT DUTIES ON TOOLS.

ATHOL, MASS., *November 24, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We are manufacturers of fine tools and are exporting same now, having a warehouse and office in London. In our experi-

ence, the Germans are our worst competitors. They have imitated our improved tools that we have gotten up and patented in this country and would have patented in foreign countries but for unfavorable discriminations existing against us in the foreign patent laws. The Germans are duplicating tools that we originated, making them more cheaply, sending them into this country, and underselling us. The English are also now copying and manufacturing our tools. One of our agents a few weeks since, finding imitations of certain of our tools among the hardware trade, inquired why they did not patronize home production rather than pay duty and sell the German make. The reply was that they could pay the duty and make more money on the imported goods than on the home production. For this reason you will see the advisability of keeping up the tariff on goods in our line. We are sending you, under separate cover, a copy of our catalogue showing the large variety of goods we make. We are at present employing between 600 and 700 hands, and are hoping later on to employ twice as many, and shall be able to if we have suitable protection. Therefore we would advise that the present tariff be maintained on goods in our line, but on raw material, such as we use in steel tapes, hack-saw blades, etc., we should hope that the duty might be reduced.

We are going to say that the recent change in the patent laws in England discriminates against us more than ever heretofore. As it is now, we are not only required to pay exorbitant rates for protection in taking out a patent while we get none, but are obliged to have the article manufactured in England, as well as France and Germany, in order to maintain the validity of same. This is a matter, however, that should be brought before those interested in amending the patent laws.

If there is any further information we are able to give, we shall be pleased to do so.

Yours, truly,

THE L. S. STARRETT CO.,
By L. S. STARRETT,
President and Treasurer.

ZINC ORE.

C. M. Loeb, president of the Bartlesville Zinc Company, submits brief in favor of admitting zinc ores free of duty.

NEW YORK, November 23, 1908.

HON. S. E. PAYNE,

*Chairman Committee on Ways and Means,
Washington, D. C.*

SIR: I respectfully submit that zinc ores, crude or concentrated (i. e., silicates and carbonates, commonly known as calamine), and zinc sulphides be admitted into this country free of duty. There is not sufficient ore mined in this country to supply the requirements in normal times. Moreover, the domestic output is not adequate to enable the smelting plants to operate to full capacity, and unless 90 per cent of such capacity is employed the cost of treatment per ton of ore rises to such an extent that the smelters would lose heavily

unless they reduce operating expenses through a reduction in wages or make heavier deductions in smelting tolls from the price of ore, not to speak of the number of men who would be thrown out of employment. A case in point is the present condition of the market. Although zinc ore in Joplin is selling at a level relatively higher than spelter, Mexico furnishes about 6,000 tons of ore monthly, and in spite thereof there is not enough ore to supply the wants of the smelting industry. The output of zinc ore in Joplin since 1900 amounted to the following tonnages:

	Tons.		Tons.
1900-----	248, 446	1904-----	267, 240
1901-----	258, 306	1905-----	252, 435
1902-----	262, 545	1906-----	278, 930
1903-----	234, 873	1907-----	236, 586

Statistics compiled of the spelter production over the same period give the following tonnages:

	Tons.		Tons.
1900-----	123, 321	1904-----	181, 803
1901-----	140, 822	1905-----	201, 748
1902-----	158, 239	1906-----	225, 494
1903-----	158, 502	1907-----	249, 612

While the Joplin ore production has increased approximately only 15 per cent, even though very high prices ruled for long periods during the last seven years, the spelter production shows an increase of over 100 per cent.

Some exports of high-grade spelter, used for special purposes and commanding a big premium, being in the nature of a specialty, took place regularly. Moreover, in the year 1900 about 22,000 tons and in 1904 10,000 tons of spelter were exported. These figures include the high-grade spelter, no separate statistics being available. 1900 and 1904 were years of depression, while Europe was able to absorb our surplus spelter, being more than ordinarily prosperous in the trades where spelter is required.

The imports of ore started on an appreciable scale in the year 1905, and were as follows:

	1905.	1906.	1907.
	Tons.	Tons.	Tons.
British Columbia-----	8,561	600	1,157
Mexico-----	32,164	88,900	106,800

It may be interesting to draw your attention, in this connection, to the average prices ruling in Joplin over the last seven years: 1900, \$26.50; 1901, \$24.21; 1902, \$30.73; 1903, \$34.44; 1904, \$37.40; 1905, \$47.40; 1906, \$44.82; 1907, \$44.36.

Therefore, during the years of imports of ore the highest average prices were obtained in Joplin, bearing out conclusively our contentions with regard to the requirements of the smelting works on the one hand and the needs of the spelter consumers in the United States on the other.

Before the spelter consumption rose by leaps and bounds, as indicated by the statistics, the Joplin ore production, with some small tonnages coming from southeast Missouri and Wisconsin, was adequate to supply the entire market. Subsequently the Western States

were drawn upon, and Colorado, Utah, and Idaho contributed, the heaviest shipments coming from Colorado. The figures of the production are available since 1904, as follows:

[In tons of 2,000 pounds.]

State.	1904.	1905.	1906.	1907.
Arkansas.....	1,900	2,200	4,200	4,068
Colorado.....	94,000	105,000	114,000	142,510
Idaho.....	Nil.	1,700	2,150	11,847
Kentucky.....	998	414	975	1,006
Montana.....	Nil.	2,000	4,900	1,218
Nevada.....	Nil.	Nil.	7,080	4,568
New Mexico.....	21,000	17,800	30,000	4,281
Oklahoma.....				3,240
Utah.....	Nil.	9,265	10,700	9,048
Wisconsin.....	19,300	32,690	42,130	53,011
Others.....	2,600	3,800	860	2,241

Here, again, is shown conclusively that the foreign zinc ores were required for the actual needs of the consumers of spelter and the smelters, and in no way interfered with the legitimate development of the mining industry in this country. A duty on zinc ores would divert to European smelters all the Mexican ores, which up to now preponderantly represent the imports. As a consequence, prices for spelter in this country would advance to a point where the consuming public would be unjustifiably taxed for the benefit of the few, and the zinc smelters would be compelled to reduce their operations. An artificial state of affairs would thus be created, which in the end would benefit not even those responsible for it, since consumers here would turn to substitutes when prices became too high, and thereby the entire industry would become upset.

The Joplin miners, particularly, have no cause for complaint. Their freight rate to the smelting centers averages less than \$1 a ton, while the freight rates from the Mexican mines are from \$5 to \$6 higher, and in a great many cases there is additional expensive transportation in Mexico, because the mines are not located on the railroad. The geographical advantage more than overcomes the low wages in Mexico, as is best illustrated by the fact that when the price of spelter dropped below 5 cents at St. Louis, with the advent of the 1907 panic, shipments from Mexico were cut into half, the output for the twelve months from October, 1907, being 248,710 tons, as against 283,397 tons the previous twelve months, while the Joplin output suffered only to the extent of about 12½ per cent. Now that the price of spelter has gone back to 5 cents, shipments from Mexico are coming forward in increasing volume, but nevertheless the price of ore in Joplin has advanced to a figure which on an average has only been exceeded in three years during the last seven years. Prices are likely to go still higher, as larger imports and a heavier ore production in the United States have to be encouraged to supply the requirements of the consumers, which show a steady increase during normal times. To ask protection on basis of panic conditions is unreasonable, for during panics, protection, as we know, does not hold up prices, and during normal times it is not needed, and would be an unjust tax upon the consuming public.

There is a duty of 1½ cents on spelter, but in spite thereof the London market has only ruled, on an average, less than one-fifth cent

under the price of spelter at the zinc works for a period of ten years. This is due to the fact that there does not, and will not, exist a combination among the zinc smelters. Natural conditions of supply and demand have free sway so far as the selling of the spelter is concerned. On the other hand, the position of the smelters is made difficult at times as the buying is rather concentrated. The smelters buy their ore on basis of the spelter market, and do not benefit by higher prices except that such higher prices at times enable them to exact a better smelting margin, which is offset again by the lower margins in poor times, so that on an average the smelters unfortunately have not been any too prosperous. The duty on zinc, therefore, only benefits the smelters to the extent of keeping in this country the business which properly belongs to it. Yet, so high a duty as exists on spelter at present is not required to attain this end. The smelting costs are equalized through cheap labor in Europe and cheap fuel here. There are a number of large works in Europe at tidewater, giving them a freight rate to New York on spelter of 10 cents, as against 28½ cents from the smelting centers in Kansas and Oklahoma; and, furthermore, they benefit through this location to the extent of about one-quarter cent in drawing their supplies from Mexico in competition with the American smelters. European smelters have a further advantage of about one-quarter cent through the fact that their labor has stuck to the industry for generations and thereby has attained a high state of efficiency which enables the European smelter to do very much better metallurgical work than can be accomplished in this country. If, in addition, say one-quarter cent is allowed to furnish a reasonable margin of safety and protect the American market against European speculation, we would arrive at close to 1 cent, as against the present duty of 1½ cents per pound, and this would be ample to enable the smelter to operate their works in competition with Europe, and enable them to pay prices for ores sufficiently high to give a profit during normal times to all mines of sufficient value and richness to entitle them to the right of existence.

Respectfully submitted.

BARTLESVILLE ZINC COMPANY,
C. M. LOET, *President.*

PITTSBURG, PA., November 23, 1908.

Hon. JOHN DALZELL,
Washington, D. C.

DEAR SIR: As the holder of a large interest in several zinc and lead producing mines which have been severely handicapped because of the introduction of Mexican ores into the United States, I write you to ask that you use your best influence not only to retain the present duty of 1½ cents per pound on Mexican lead ores, but to do everything you can consistently do to have a like duty of 1½ cents per pound imposed upon all ores having a lead and zinc content.

The natural consumption of spelter in the United States can be satisfactorily met, as you know, by the producing mines in this country without importation. This industry must be safeguarded by the protective tariff upon zinc in whatever form if it is to go on.

I am convinced if you will take an active interest in this matter that it will not only be a source of satisfaction to me, but will meet with the hearty approval of many of your constituents who are stockholders in various lead and zinc companies in the Joplin and Wisconsin districts.

Yours, very truly,

W. G. MORTLAND.

SCHEDULE J.—FLAX, HEMP, AND JUTE, AND MANUFACTURES OF.

BRAIDS.

THE BRAID MANUFACTURERS' ASSOCIATION OF THE UNITED STATES SUBMITS BRIEF ASKING THAT PRESENT DUTY BE RETAINED ON TRIMMINGS.

WASHINGTON, D. C., *November 30, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: Laces, lace window curtains, tidies, pillow shams, bed sets, insertings, flouncings, and other lace articles; handkerchiefs, napkins, wearing apparel, and other articles, made wholly or in part of lace, or in imitation of lace; nets or nettings, veils and veilings, etamines, vitrages, neck ruffings, ruchings, tuckings, flutings, and quillings; embroideries *and all trimmings, including braids*, edgings, insertings, flouncings, galloons, gorings, and bands; wearing apparel and handkerchiefs, and other articles or fabrics embroidered in any manner by hand or machinery, whether with a letter, monogram, or otherwise; tamboured or appliqued articles, fabrics, or wearing apparel; hemstitched or tucked flouncings or skirtings, and articles made wholly or in part of ruffings, tuckings, or ruchings; all of the foregoing, composed wholly or in chief value of flax, cotton, or other vegetable fiber, and not elsewhere specially provided for in this act, whether composed in part of india rubber or otherwise, 60 per cent ad valorem: *Provided*, That no wearing apparel or other article or textile fabric, when embroidered by hand or machinery, shall pay duty at a less rate than that imposed in any schedule of this act upon any embroideries of the materials of which such embroidery is composed.

The only articles which interest the braid manufacturers in the above paragraph are trimmings, including braids.

We recommend that the present duty of 60 per cent ad valorem be retained on these articles, as that duty is just about sufficient to cover the difference between the cost of labor and expenses in Europe and in this country on these articles.

Respectfully submitted by the Braid Manufacturers' Association of the United States.

HENRY W. SCHLOSS,
President, 682 Broadway, New York.

FLAX TOWELING.WASHINGTON, D. C., *November 30, 1908.*COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The Stevens Linen Works, of Webster, Mass., established in 1846, manufacture about 14,000,000 yards of crash toweling annually.

These goods come under paragraph No. 346, Schedule J.

Paragraph No. 346.—Over 4½ ounces per square yard and not over 60 threads per square inch, 1½ cents per square yard and 30 per cent ad valorem, but not less than 50 per cent.

Every pound of flax used by us is imported from other countries—mostly from Russia.

The machinery we use is nearly all imported, on which we pay a duty of 45 per cent, and the character of the machinery is such that mills have to be of very heavy construction, making the plant cost excessive.

With the present tariff we are able to keep our mills running, and at the same time it does not shut off foreign goods, which are still imported in large quantities in similar grades.

Our goods have an established market and are used throughout the country. With the duty of 1 cent per pound on flax and \$20 per ton on tow, and the high-rate wages we are obliged to maintain, we ask that the present rates be continued on the goods we produce.

STEVENS LINEN WORKS,
NATHANIEL STEVENS, *President.*

HEMP.

MEMORIAL OF THE ITALIAN CHAMBER OF COMMERCE IN NEW YORK TO THE HOUSE COMMITTEE ON WAYS AND MEANS FOR THE REMOVAL OF THE DUTY ON HEMP.

A duty of \$20 per ton is now levied on hemp, according to paragraph 327 of the tariff.

Of foreign countries supplying this article to the United States Italy is the most important, having supplied in the fiscal year 1907 5,856 tons, valued at \$1,138,766, or about two-thirds of the whole importation, 8,718 tons.

The duty of \$20 per ton was originally established as a protection to domestic hemp, the production of which is, however, practically confined to Kentucky, where it has declined, owing to reasons other than want of protection. The reported production at the last census was 11,750,630 pounds, representing a value of \$546,338. The causes for the decline, as stated in the Census Report on Agriculture, volume 6, page 420, are "the introduction of manila hemp, the large importation of jute, the declining prices of hard cordage fibers, such as sisal, and the use of cotton for twine and yarns."

An entirely different grade from the domestic is Italian hemp, which represents the highest quality and value in this line of goods,

and is used principally in the manufacture of fabrics, such as carpet yarn, and in the manufacture of twine and high-grade cordage.

The different industrial uses to which Italian and domestic hemp are destined, respectively, places domestic production outside the range of competition from imported hemp, so that the duty charged on Italian and foreign hemp can not any longer be justified as a measure of protection.

There is no doubt that, on the face of the low prices of cordage materials, due to the competition of other fibers, such as manila, sisal, and tampico istle, admitted free of duty, the market possibilities for Italian hemp are confined to the higher grade of cordage and to the manufacture of certain fabrics, in which line it occupies a unique position, and for which purpose its importation should be encouraged, in order to promote in the United States such manufactures as have already made the prosperity of certain Irish and Belgian industrial centers.

Hemp, being a raw material necessary to the American textile industry required in constantly increasing quantity and the utilization of which is a source of profit to American labor, should be admitted free of duty like all other fibers are, such as manila, sisal, tampico istle, and recommendation to this effect is respectfully submitted by this chamber to this honorable committee.

For the Italian Chamber of Commerce in New York.

E. MARIANI,
Vice-President.
G. R. SCHROEDER,
Secretary.

JUTE CLOTH OR BURLAP.

VARIOUS LETTERS FILED ASKING FOR SPECIFIC DUTY ON JUTE CLOTH OR BURLAP.

DETROIT, MICH., U. S. A., *November 27, 1908.*

Hon. JOSEPH W. FORDNEY,
Washington, D. C.

DEAR SIR: In the consideration of the tariff, in its relation to jute and the manufacture of jute, at the session of the Ways and Means Committee which convenes in Washington November 30, I beg to call your attention to the petition of the bag manufacturers, praying for relief from the unjust and uncertain ad valorem duty imposed on their goods.

There appears to be much to justify some measure of relief, and I trust you will give the matter as careful consideration as you feel it deserves.

Very truly, yours,

F. K. STEARNS.

DETROIT, MICH., *November 25, 1908.*

Hon. J. W. FORDNEY,
House of Representatives, Washington, D. C.

DEAR SIR: I understand that a petition is about to be presented to the Ways and Means Committee of the House from the bag manufac-

turers of the country in reference to readjustment of the duty now imposed upon jute cloth or burlap. There is no question but that the present ad valorem duty works great hardship upon the manufacturers using this material, and that a specific duty would be much fairer and equally efficacious for the accomplishment of the purposes of the act. It would be a personal favor if, when this petition is presented to the committee, you will give the matter of it your attention, and if the petition seems just that you will do what you can to have the present tariff therefor modified in accordance with the request of the petition.

Thanking you in advance for your kind attention to the matter, I am,

Yours, very truly,

BRYANT WALKER.

DETROIT BOARD OF COMMERCE,
November 27, 1908.

HON. J. W. FORDNEY,
House of Representatives, Washington, D. C.

DEAR SIR: Members of this board who are large users of jute cloth represent that the present method of imposing duty on that article is a source of constant worry and uncertainty to them. The duty is five-eighths of a cent per pound, and in addition to this an ad valorem duty of 15 per cent. If they buy goods, say, at 3 cents per yard, and the price in Calcutta advances before the goods are shipped, they are penalized in the amount of duty on the increased value, though they may have sold against contract all of the goods in question. If, on the other hand, the price declines after a purchase is made, they are obliged to pay duty on the original cost.

There are a number of other ways in which the ad valorem duty is an annoyance and a cause of loss. They suggest that if the specific duty was increased a reasonable amount and the ad valorem duty abrogated, the return to the Government would be about the same and the uncertainty to the manufacturers would be removed.

We recognize the difficulty of adjusting the details of a tariff schedule, but respectfully request that as a member of the Ways and Means Committee having this subject under discussion you give fair consideration to the complaints and suggestions of these manufacturers.

Yours, truly,

CHAS. B. SAWYER, *Secretary.*

DETROIT, MICH., November 27, 1908.

HON. JOSEPH W. FORDNEY,
Washington, D. C.

DEAR SIR: Knowing you to be a member of the Ways and Means Committee, which I understand is about to consider the tariff affecting jute and manufacturers of jute, and being interested in the growth of Michigan industries, I beg to call your attention to the petition that is to be presented to your committee by the bag manufacturers, and I hope that it will receive favorable action by your committee.

It does seem that the present method of figuring duty on jute is unfair to the importers, and if a change can be brought about, so as to eliminate the uncertain features now connected with the calculation

of this duty, it will be much ~~more~~ fair to the United States manufacturers, who consume such an enormous amount of this material.

Trusting that you will use your good influence to correct this illegitimate penalty, believe me,

Yours, very sincerely,

A. E. STEWART.

DETROIT, MICH., November 25, 1908.

HON. JOSEPH W. FORDNEY,

House of Representatives, Washington, D. C.

MY DEAR MR. FORDNEY: My attention has been called by some of the local bag manufacturers to a petition that has been filed with the Ways and Means Committee asking for a change in the method of fixing duties on the material which they import in their business. At present there is a specific and an ad valorem duty, both.

My experience as collector at this port, together with information received from my special deputy, who has been in the office for upward of twenty years, leads me to believe that wherever possible, duties should be fixed on a specific basis, and I take pleasure in calling your attention to their request.

Sincerely, yours,

JOHN B. WHELAN,
Collector of Customs.

MICHIGAN ALKALI COMPANY,
Detroit, Mich., November 25, 1908.

HON. JOSEPH W. FORDNEY,

Washington, D. C.

DEAR SIR: We understand that the bag manufacturers will present to the Ways and Means Committee a petition requesting that the duty on burlaps be changed to a specific duty of 1 cent per pound, which would be about the equivalent of the present duty.

We believe that this change would be a very good thing both for the manufacturers and consumers of burlap, as the present ad valorem duty is very unsatisfactory. Being one of the largest consumers of this class of goods in the country, we are somewhat interested in this matter and would respectfully urge favorable action on the petition.

Very truly, yours,

E. L. FORD,
Secretary and Treasurer.

DETROIT, MICH., November 25, 1908.

HON. JOSEPH W. FORDNEY,

Washington, D. C.

DEAR SIR: We are very much interested in the matter of jute for bags. We use from 15 to 20 carloads of jute cloth for bagging, therefore feel that the ad valorem duty of 15 per cent should be discontinued on account of the difficulty of properly imposing this duty on account of the variability of the market price of burlap cloth in Calcutta.

We by all means urge that your committee recommend a specific duty of 1 cent per pound, which would be about equivalent to the present duty, which would make it much more safe and more simple

and result to the Government the same amount of income. This change would be of great assistance to all those connected with the importation and use of jute cloth in the United States, and we trust you will see your way clear to recommend this change.

Yours, very truly,

THE COMMERCIAL MILLING CO.,
R. HENKEL, *President.*

DETROIT, MICH., *November 25, 1908.*

HON. JOSEPH W. FORDNEY,
Congressman, Washington, D. C.

MY DEAR SIR: For some time I have been familiar with the desires of the bag manufacturers of Michigan regarding the duty on jute cloth or burlap, as it to-day works a hardship on them.

From the communications already received from those interested you no doubt are acquainted with their wishes and would therefore respectfully request that you give their application serious consideration, as I believe they are not asking anything but what is just.

Anything you may be able to do for them will be appreciated.

Yours, very truly,

A. A. SCHAUTZ,
General Manager.

THE CALIFORNIA COTTON MILLS, OF OAKLAND, CAL., ASK FOR AN
INCREASE OF DUTIES ON BURLAPS.

OAKLAND, CAL., *November 19, 1908.*

HON. VICTOR H. METCALF,
Secretary of the Navy, Washington, D. C.

DEAR SIR: We are very much interested in the tariff revision which is now being held before the Ways and Means Committee at Washington, and is likely to be taken up by Congress in the near future. We are large manufacturers of jute burlaps, embracing the ordinary burlaps and also the finer grades used for fruit bagging, tarpauling, also twilled sacking, and other jute fabrics, including twines such as are used by the Post-Office for wrapping purposes, etc.

As manufacturers of these articles we find that the rates specified in the Dingley tariff are not affording us sufficient protection to enable us to compete with the cheap imported goods which are being brought in from British India, Great Britain, and Germany, and pay fair wages to our help. We ought to have the equivalent of the old McKinley tariff rates restored on the articles in question.

The greatest competition on burlap and jute goods comes from India, where men work for about 20 cents per day as compared with our wages of not less than \$1.50 per day, so we pay our weavers for doing the same kind of work six or eight times the wages based on the same number of hours per day.

We would suggest that to give proper protection to the industry in which we are engaged, the following changes should be made in the schedule, viz:

In Schedule J, paragraph 328, the duty on single jute yarns not finer than 5 lea or number should be increased to 1 cent per pound and 20 per cent ad

valorem, and on jute yarns finer than 5 lea or number the duty should be increased to 45 per cent.

Paragraph 329: The tariff on cables and cordage, composed of istle, tampico fiber, manilla, sisal grass, or sunn, or a mixture of these or any of them, should be increased to 2 cents per pound.

Paragraph 341: The first part of this paragraph covers plain woven jute fabrics, not exceeding 60 inches in width, weighing not less than 6 ounces per yard, and not exceeding 30 threads per square inch, counting warp and filling. The duty on goods covered by this clause should be increased to 1 cent per pound and 25 per cent ad valorem.

Paragraph 343: The rate of duty in this paragraph should be changed so as to read "One cent per pound and 25 per cent ad valorem."

We inclose you herewith a table showing the present rates of tariff on the articles in question, and opposite them the rates which are necessary to afford proper protection, and which we hope you can have inserted in the new tariff bill.

The rate of wages which we have mentioned for weavers here is the rate paid to women, as we employ all female weavers in our factory, while the India rate mentioned is for male labor. So from this you will see that we pay six times as much here to women as men are paid for the same class of work in India. The wages paid to machinists, engineers, firemen, packers, teamsters, and all other kinds of labor here are proportionately higher than in India.

The competition by foreign imports of these articles is so keen that it is impossible under the present tariff rates to increase the manufacturing of these goods in this country. We trust, therefore, that you will use every effort to have tariff rates on the above articles so adjusted as to give us a fair protection to enable us to pay a fair rate of wages and extend our business on these lines.

Should you wish any additional information which is at our disposal, we shall be pleased to communicate same to you.

Yours, very truly,

CALIFORNIA COTTON MILLS CO.,
Per J. F. MILLARD, *Secretary*.

EXHIBIT A.

Schedule J.	Present tariff.		Tariff necessary to afford proper protection.	
	Per pound.	Ad valorem.	Per pound.	Ad valorem.
328. Single yarns made of jute, not finer than 5 lea or number.	Cent. 1	Per cent. 10	Cent. 1	Per cent. 20
Finer than five lea or number.		35		45
329. Cables and cordage composed of istle, Tampico fiber, manilla, sisal grass, or sunn, or a mixture of these or any of them.	1		2	
341. Plain woven fabrics of single jute yarns, by whatever name known, not exceeding 60 inches in width, weighing not less than 6 ounces per square yard and not exceeding 30 threads to the square inch, counting the warp and filling.		15	1	25
343. Bags or sacks made from plain woven fabrics of single jute yarns not dyed, colored, stained, painted, printed, or bleached, and not exceeding 30 threads to the square inch, counting the warp and filling.	1	15	1	25
347 (paragraph).		45	(*)	

* Satisfactory to us.

**MANUFACTURERS OF FERTILIZERS WITH DUTIES REMOVED FROM
BURLAP BAGGING.**

YORK, PA., *November 28, 1908.*

HON. SERENO E. PAYNE,
Washington, D. C.

MY DEAR SIR: I inclose herewith a self-explanatory communication from Mr. C. H. Dempwolf, of the York Chemical Works, York, Pa.

I would respectfully ask that this communication, as well as Mr. Dempwolf's views, be given the committee's careful consideration.

Yours, very truly,

D. F. LAFEAN.

YORK, PA., *November 25, 1908.*

HON. D. F. LAFEAN, *York, Pa.*

DEAR MR. LAFEAN: There are several articles of raw material which enter the manufacture of fertilizers subject to duty which, in my opinion, should be permitted to come into this country free. The article immediately under consideration is burlap, from which fertilizer bags are made. The duty amounts about from 1½ to 2 cents on each bag, or from 20 to 30 cents per ton of fertilizer. The importer pays the duty for the bag manufacturer, and the fertilizer manufacturer in turn pays a higher price to the bag man, adding it, of course, on the price of fertilizer which goes to the farmer. This might be the natural way in which the duty is collected from the farmer, but in reality the burden rests with the manufacturer of fertilizers, as it is next to impossible to adjust prices of fertilizers so exactly as to distribute the exact cost on account of the duty just where it belongs.

As fertilizer manufacturers we are, of course, opposed to this duty, and we therefore respectfully desire to ask your cooperation in abolishing the same. The Hon. S. E. Payne, chairman of the Committee on Ways and Means, has issued a call for tariff hearings on burlap for November 30, and if you can assist in bringing this matter to the proper notice of the committee you will receive prompt recognition and thanks of all the fertilizer manufacturers of the country, as well as the great mass of farmers. Mr. C. H. MacDowell, general manager of the Armour Fertilizer Works, will be the representative of the fertilizer manufacturers to plead our case before the committee.

Kindly advise me if we may expect your approval and cooperation in this matter, and oblige.

Very sincerely, yours,

C. H. DEMPWOLF.

THE FOLLOWING LETTER WAS SUBMITTED BY HON. RICHARD W.
PARKER, M. C., OF NEW JERSEY.

NEWARK, N. J., *November 20, 1908.*

HON. RICHARD WAYNE PARKER, M. C.,
Washington, D. C.

HONORABLE SIR: We understand that the Ways and Means Committee are to give a hearing to the manufacturers of jute flax, and

hemp rope and twine bagging, etc., on November 30. We manufacture materials used in the manufacture of such fibers, therefore we know that it would be a very serious matter to us if the tariff were to be lowered on such goods. We would rather see it increased, as there are very large quantities of burlap being imported from Dundee, Scotland, and Calcutta, India. With a better protection such burlap, used for the foundation of linoleum and oilcloth and for the shipment of very many kinds of goods, would then be made in the United States, giving employment directly and indirectly to thousands of people.

We employ 150 hands and have over \$200,000 invested in our business, therefore we feel a reduction in the tariff on goods manufactured from jute, flax, and hemp or similar fibers would be detrimental to us, and we therefore pray that you use your influence in preventing any such reduction in the tariff on such goods.

Thanking you in anticipation of your efforts, we are,

Yours, very truly,

WILLIAM CRABB & Co.

LACE WINDOW CURTAINS.

MANUFACTURERS ASK THAT PRESENT DUTIES BE RETAINED, AND GIVE REASONS THEREFOR.

NEW YORK, November 27, 1908.

HON. SERENO E. PAYNE,

Chairman Committee on Ways and Means,

House of Representatives, Washington, D. C.

DEAR SIR: The undersigned manufacturers of lace curtains operating plants of Nottingham lace-curtain machines in this country, present the following memorial to the Ways and Means Committee, in support of their contention for retaining the present duty on lace window curtains, etc., as provided for in paragraph No. 340.

The principal factors working against us in competition with the foreign-made goods are: (1) Exceptionally high cost of labor, (2) absolute dependence for the running of the machines on special imported yarns.

The starting of the industry in this country necessitated the importation of skilled and specially trained help in almost all the departments of the manufacture. The demands of this labor with each period of development in the industry have been beyond our control, and we are now obliged to pay in excess of English and Scotch wage scales in most cases 75 to 80 per cent, and even in some cases our rates are nearly 100 per cent over the prices paid in Nottingham and Glasgow for similar classes of work. This statement can be substantiated in the case of the weavers by comparison of printed scales of union wages prevailing in England, Scotland, and America, and as applied to the varied classes of work made on the various "lay outs" of the lace-curtain machine.

The fine yarns specially spun for the industry which we are obliged to use, and without which no lace-curtain machine could be operated, are all imported. These yarns are the "bread and butter," so to speak, of the curtain machine. Attempts for many years past have

been made by domestic spinners to meet the peculiar needs of the industry in this direction, but without success. These yarns constitute nearly 15 per cent of our total yarn consumption, and are subject to a duty equivalent to 50 per cent.

In view of the above facts and the peculiar exigencies of this comparatively new industry, we feel justified in our contention to have the present duty maintained, and the reading of paragraph 340 preserved, as having proved in its detail working more efficient than any schedule hitherto framed pertaining to the articles in question.

Respectfully, yours,

WILKES-BARRE LACE MANUFACTURING CO.,
CLARENCE WHITMAN, *Treasurer.*

PHILADELPHIA, *November 28, 1908.*

HON. SERENO E. PAYNE,

*Chairman Committee of Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: The Philadelphia manufacturers of Nottingham lace curtains ask for the retention of the present duties provided for in paragraph No. 340.

When the tariff act of 1897 was passed we had 1,000 operatives only partially employed and our fine machines idle; whereas we now have 3,111 operatives fully employed (the panic period excepted) and additional machines in process of erection. This progress has been made possible by paragraph No. 340, which in its workings has proven more efficient than any schedule previously formulated. These duties are essential to protect us in competition with foreign-made goods and vital to the continued development of the industry, because—

First, the dependence of the industry upon foreign manufacturers for its lace machines and its bobbin yarns. Machines for lace making are not made in this country, but imported at a duty of 45 per cent, requiring a bobbin yarn that has never been successfully made in this country, on which we pay a duty equivalent to 50 per cent. The industry is exotic, the child of a protective tariff.

Second, an exceptional high labor cost as compared with Great Britain due to the rapid development of the industry. To start the industry by the importation of skilled labor necessitated the inducement of high wages, with increasing and successive demands upon us for each period of development. Our weavers' wages have been advanced 30 per cent to 40 per cent since the enactment of the present tariff, and we pay from 50 per cent to 85 per cent above the Nottingham union rate, which is only interesting for comparison, as even the Nottingham manufacturers can not compete with the mills of Glasgow, Darvel, Newmilns, Galston, etc., where most of the Nottingham lace curtains are made, because of the lower cost of Scotch labor.

We are having prepared a substantiated comparison of the difference in labor cost here and in Scotland, and will welcome the opportunity of submitting it if this data be not already in the possession of your committee.

As lowering the duties would curtail employment, depreciate the large investments of the industry, and reduce wages, we urge the most thorough examination of the reasonableness of our contention that no injustice may be done our employes or ourselves.

Respectfully submitted.

JOHN BROMLEY & SONS.
JOSEPH H. BROMLEY.
LEHIGH MF'G Co.
NORTH AMERICAN LACE Co.

LINEN COLLARS AND CUFFS.

THE COLLAR AND CUFF MANUFACTURERS, OF TROY, N. Y., SUBMIT
BRIEF ASKING THAT PRESENT DUTIES ON THEIR GOODS BE RETAINED.

NOVEMBER 30, 1908.

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

DEAR SIR: The collar, cuff, and shirt manufacturers of Troy, N. Y., and vicinity respectfully submit to your honorable body that the tariffs on the products of the industry in which they are engaged should not be altered or amended, unless said tariff rates shall be increased over those at present existing, for the following reasons:

The conditions effecting our industry are practically the same as in 1897 and the same need of protection exists to-day as at that time.

After eleven years' experience under the Dingley tariff of 1897, Schedule J, section 338, the collar, cuff, and shirt manufacturers have found that the protection to their industry afforded by the custom laws has enabled them to operate their business with success only by economizing at every possible point.

The spirited home competition has from year to year reduced the average price of our production and decreased the percentage of profit. It has also improved the quality of the lower priced goods to such an extent that they have become very popular and have been generally adopted, with the result that people are being supplied with acceptable collars at prices as low as it is possible to make them with a safe margin of profit.

Although more than three-fourths of the collars and cuffs made in this country come from the 30 manufacturers of Troy, yet each one is an independent business. There is no trade selling agreement or combination of any form among them for the restraint of trade.

The people of Troy and vicinity depend largely upon this industry for their support. It is the only remaining manufacturing in this district which gives employment to a large number of women. Ninety per cent of the employees are females and fully one-half of the work is done in the homes of the families of this city and surrounding country.

Sixty per cent of the cost of production is paid for labor, and unquestionably the best paid employment for women in this part of our State is to be found in the collar and cuff factories of Troy.

The making of shirts is a considerable portion of the business of the Troy manufacturers, yet it is a more widely scattered industry.

Our whole country is dotted with shirt-making factories of various sizes, of probably 700 in number, so that any lessening of duties on shirts will result in some hardship in every State of the Union.

American manufacturers with all their efforts have as yet secured no foothold in foreign countries, being unable to compete with the products of cheaper foreign labor.

The protection given to shirts and collars by the tariff laws, covering a period of more than a quarter of a century, has made it possible for a vast army of skilled help to grow up in this industry, so that we produce to-day the most excellent goods of their kinds, and it will not be possible to introduce economies to offset a reduction in duties. If any reductions in duties are made they will have to be met by reductions in the wages of employees, a course we think very undesirable.

We therefore respectfully urge your aid in having the present rates continued.

Very respectfully, yours,

JAMES K. P. PINE,
F. F. PEABODY,
ALBA M. IDE,
JAMES M. SNYDER,
Committee.

LINENS AND COTTONS.

NEW YORK, November 28, 1908.

HON. SERENO PAYNE,

Chairman of the Tariff Revision Committee.

SIR: As importers of linens and kindred lines we take the liberty of suggesting a tariff schedule covering linens and cottons, with our reasons for the various rates.

1. Woven fabrics of all linen, as covered in part by section 346, 25 per cent. There are no all-linen goods manufactured in this country outside of coarse crashes and towels of lower grades. There is, therefore, no industry to protect, and 25 per cent ought to be sufficient duty.

2. Woven fabrics made in part of all linen and part of cotton, as covered in part by section 346, 40 per cent. There are more of this class of goods made in this country, and a 40 per cent protection would seem to be ample.

3. Woven fabrics of all cotton, as covered in part by sections —, 50 per cent, as these goods are very largely made in this country and justify a protection to the extent of 50 per cent.

4. Handkerchiefs made of all linen, finished and unfinished, hemmed and hemstitched and unhemmed, 25 per cent, for the same reason as given under paragraph 1.

5. Handkerchiefs made in part of linen and part cotton, 40 per cent, for the same reason as given under paragraph 2.

6. Handkerchiefs made of all cotton and handkerchiefs embroidered and initialed, 50 per cent, for the same reason as given in para-

graph 3, and for the industry of embroidering justifies a protection to the extent of 50 per cent.

Very respectfully submitted.

W. W. CROSSLEY,
(Of Neilson & Crossley).

LINEN YARNS AND UNDERWEAR.

THE LINEN UNDERWEAR COMPANY, OF GREENWICH, N. Y., ASKS THAT
PRESENT DUTY ON LINEN YARN BE RETAINED AND DUTIES ON UN-
DERWEAR INCREASED.

GREENWICH, N. Y., *November 30, 1908.*

WAYS AND MEANS COMMITTEE,
House of Representatives,
Washington, D. C.

GENTLEMEN: The Linen Underwear Company, of Greenwich, N. Y., manufactures pure linen mesh underwear, and its raw material is entered under the last section of paragraph 331 in the Dingley tariff bill as follows: "finer than eighty lea or number, fifteen per centum ad valorem," which refers to single yarns in the gray, made of flax, hemp, or ramie.

These fine numbers of linen yarn were not then, nor are they now, spun in any American factory, nor do these enter into competition with the product of any American factory, but are extensively used in the manufacturing establishments of the United States for weaving into fine linen, for knitting into underwear and numerous other products, and as the attempts to produce these fine yarns have always ended in failure owing to climatic or other conditions, it is unlikely that any future attempts will be made; hence we ask that these yarns remain at the present rate of 15 per cent ad valorem.

We also request that the manufacture of linen underwear in this country be encouraged by an adequate protective tariff. This kind of underwear has been in use for some eight or ten years, first in a small way as an experiment, but within the past five years the consumption has amounted to between four and five million dollars, not more than 10 per cent being made here owing to inadequate protection; the largest distributor, although an American citizen, finds it cheaper to produce the articles abroad owing to the high labor cost incurred here. We therefore suggest the following additions to Schedule J:

Fabrics, knitted or woven, or otherwise manufactured in mesh form, when composed of flax, hemp, or ramie, or other vegetable fiber, or of which these substances are the component part of chief value, when weighing more than eight ounces per square yard, thirty-five cents per square yard and thirty-five per cent ad valorem; when weighing more than six ounces per square yard and not more than eight ounces, thirty cents per square yard and thirty-five per cent ad valorem; when weighing more than four ounces per square yard and not more than six ounces, twenty-five cents per square yard and forty per cent ad valorem; when weighing four ounces or less per square yard, twenty cents per square yard and fifty per cent ad valorem.

Shirts and drawers, pants, vests, union suits, combination suits, tights, sweaters, corset covers, and all underwear of every description made wholly or in part on knitting, netting, or weaving machines or frames, or made by

hand, finished or unfinished, composed of flax, hemp, or ramie, or of which these substances or either of them is the component material of chief value, valued at not more than eight dollars per dozen, four dollars per dozen and in addition thereto forty per cent ad valorem; valued at more than eight dollars per dozen and not more than twelve dollars per dozen, six dollars per dozen and in addition thereto forty per cent ad valorem; valued at more than twelve dollars and not more than sixteen dollars per dozen, eight dollars per dozen and in addition thereto forty per cent ad valorem; valued at more than sixteen dollars per dozen, ten dollars per dozen and in addition thereto forty per cent ad valorem.

Under the Dingley bill the present imports are assessed under schedule 347, which provides a duty of 45 per cent ad valorem, and this rate is not sufficient to cover the difference between the wages paid in Germany, Sweden, Denmark, and England to those employed in linen underwear factories and the larger wages paid employees in the factories of the United States, the labor cost here being from two to three times greater than in Europe.

We desire to draw attention to the fact that linen underwear may be classed among the luxuries, its high price and quality placing it within the means only of the more wealthy consumers, and we have always understood that in tariff bills it was desirable to place the taxation where it could be most easily borne.

There are no reasons that we are aware of why these goods, now made almost entirely in foreign mills, can not be made at home, and in no industry could a tariff be used with better effect to encourage native manufacturers.

We may add that several American factories which were engaged in the manufacture of linen underwear have been forced to close or suspend owing to foreign competition, and those still remaining are engaged in a struggle for existence, due to the activity of foreign houses in their efforts to control the American business.

Yours, very respectfully,

THE LINEN UNDERWEAR COMPANY,
LE ROY THOMPSON, *President*.

RAMIE.

NEW YORK, *November 20, 1908.*

*Chairman of the Ways and Means Committee,
Washington, D. C.*

DEAR SIR: As domestic millinery braid manufacturers, operating a factory at Lake View, N. J., we have lately laid down extensive machinery for producing hat braids from Ramie sliver.

While the imported finished braids, of which we attach cuttings, pay a duty of 60 per cent, this sliver, being the raw material from which they are made, is taxed at 45 per cent, though, for instance, raw silk comes in free and artificial silk only pays 20 per cent to 30 per cent.

Taking into consideration the considerably greater cost of labor and production here, we find that the difference of 15 per cent between the duty on the finished Ramie braids (60 per cent) and that of the Ramie sliver, our raw material (45 per cent) is more than absorbed

and precludes us altogether from competing with the imported article, forcing us to give up the idea of manufacturing such goods here.

We therefore take the liberty to draw your committee's attention to this inconsistency in the present tariff, which the custom-house appraisers here inform us is based upon decision, "T. D. 29239, circuit court east district of Pennsylvania."

NEW YORK, *November 20, 1908.*

We would appreciate it very much if you will kindly give your consideration to this matter, suggesting such amendments to the tariff in force as to offer some inducement and protection to the domestic braid manufacturer.

We place ourselves at your disposal for any further information on the subject, and remain, dear sir,

Very respectfully, yours,

THE WALSER MFG. CO., INC.,
G. DONAT, *President.*

TOWELS AND CRASHES.

WORTENDYKE, N. J., *November 28, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

DEAR SIR: We respectfully submit the following in connection with the flax schedule, viz:

Under the present tariff we have established a manufacturing business in which we produce towels and crashes, and we are now endeavoring to produce damasks.

The duty on the linen yarns we use is 45 per cent, and the duty on the manufactured product, such as we produce, ranges from 50 per cent to 55 per cent, leaving but a small margin of protection.

We are unable to manufacture goods composed entirely of linen, as we can not make them in competition with foreign-made goods.

Under paragraph 346 of the present tariff, goods counting over 100 threads to the square inch and weighing under 4½ ounces to the square yard pay but 35 per cent duty. We believe the intention was to admit only plain woven fabrics at this rate of duty, but all classes of goods are now imported and admitted at this rate. Of course we can not compete with the foreign goods on what is known as "light-weight goods" (under 4½ ounces) when the duty on yarns is 45 per cent and on the manufactured product only 35 per cent.

We ask that there be a difference of at least 20 per cent between the duty on yarns and the manufactured product to give us a measure of protection for the greater cost of manufacture in this country.

We favor a straight ad valorem duty, instead of specific and ad valorem rate, as per schedule 346 of the present tariff.

A reduction in the rates of duty on manufactured goods would make it impossible for us to compete with the foreign-made goods.

We might say that our product is made up of three principal factors—cotton yarn, linen yarn, and labor. Comparing the cost of our product with the foreign would be about as follows: American—Cotton, 25 per cent; linen, 40 per cent; labor, 35 per cent. The foreign cost on this would be about as follows: Cotton, 22½ per cent; linen,

22 per cent; labor, 17½ per cent, and you will readily see that it is impossible, under the present tariff, for us to make much advancement in manufacturing, although, as before stated, we have built up a considerable business and are now supplying the Government with a good deal of their requirements as far as towels are concerned, which previous to the enactment of the present tariff law was never done. Our present production is 12,000 yards per day.

Our Mr. Woodhead, who is thoroughly familiar with the manufacturing end of our business and expects to appear before your committee, will take pleasure in submitting to you samples of our production.

We remain, respectfully,

GRANITE LINEN COMPANY,
FREDK. A. SCHWARTZ, *Treasurer*,
FRANK WOODHEAD, *Manager*.

SCHEDULE D.—WOOD AND MANUFACTURES OF. BOXES AND FURNITURE.

MEMORIAL OF THE ITALIAN CHAMBER OF COMMERCE IN NEW YORK TO
THE HOUSE COMMITTEE ON WAYS AND MEANS FOR REDUCTION OR
REMOVAL OF DUTIES ON CERTAIN ARTICLES UNDER SCHEDULE D.

The Italian Chamber of Commerce in New York respectfully submits to this honorable committee the following recommendations and arguments in favor of the removal or reduction of the present duties on the articles hereunto specified:

BOXES, BARRELS, OR OTHER ARTICLES MADE OF AMERICAN SHOOKS REIM-
-- PORTED FILLED WITH ORANGES AND LEMONS.

According to paragraph 205 of the present tariff boxes, barrels, or other articles containing oranges, lemons, and kindred citrus fruit pay a duty of 30 per cent ad valorem, "*Provided*, That the thin wood, so called, comprising the sides, tops, and bottoms of orange and lemon boxes of the growth and manufacture of the United States, exported as orange and lemon box shooks, may be reimported in completed form, filled with oranges and lemons, by the payment of duty at one-half the rate imposed on similar boxes of entirely foreign growth and manufacture."

It seems to this chamber that to impose a duty of 15 per cent ad valorem on boxes or containers of American wood (Maine spruce) returning to the United States filled with oranges and lemons, instead of allowing free entry to such boxes or containers, is placing a tax on American export trade, which should be promoted by such facilities as are not only advisable but equitable.

During fiscal year 1907 the importation of such boxes or containers, made of American wood, into the United States represented a value of \$109,088, upon which a paltry sum of \$16,362 was realized in revenue. By exempting from such duty American shooks returning to the United States under the shape of boxes or containers, the loss to revenue would be insignificant, while an injustice would be removed which now hurts the exportation of American wood.

The boxes of American wood used in importing citrus fruit into this country do not represent by themselves, once emptied of their contents, any actual market value, as they are of no use and usually destroyed, which brings into greater evidence the injustice of subjecting such article to payment of duty.

As the principle of not taxing ordinary containers is recognized by the present tariff under other lines of importation, irrespective of their American or foreign origin, it is a manifest injustice to discriminate in the case of orange and lemon importations by taxing the containers besides the contents, and this chamber therefore recommends on motives of equity and consistency the removal of the present duty on boxes, barrels, and other containers of American wood returned to the United States filled with oranges, lemons, and kindred citrus fruit.

CABINET OR HOUSE FURNITURE.

The present rate of 35 per cent ad valorem on cabinet or house furniture (par. 208), the total importation of which did not exceed in fiscal year 1907 a value of \$1,132,667, in which Italy figures for \$113,851, Austria-Hungary for \$237,982, France for \$284,351, the United Kingdom for \$383,108, appears to this chamber higher than necessary, both as a protective and revenue measure.

As to protection, under this line of manufacture there is hardly any need, because in no other country are the materials used in the making of furniture (wood, metals, varnish, glass, etc.) cheaper or as cheap as in the United States, which exports such materials in large quantities abroad, and gives this country a decided advantage over any of the above stated in this line of manufacture. This advantage is sufficient to compensate any difference in the cost of labor, which is also largely offset in this country by the application of machinery on a wider scale than abroad, enabling American manufacturers, who usually specialize in a given line of production and thus attain a high standard of proficiency, to turn out furniture in far greater quantities and much more cheaply than in foreign countries, where most of the work is still done by hand.

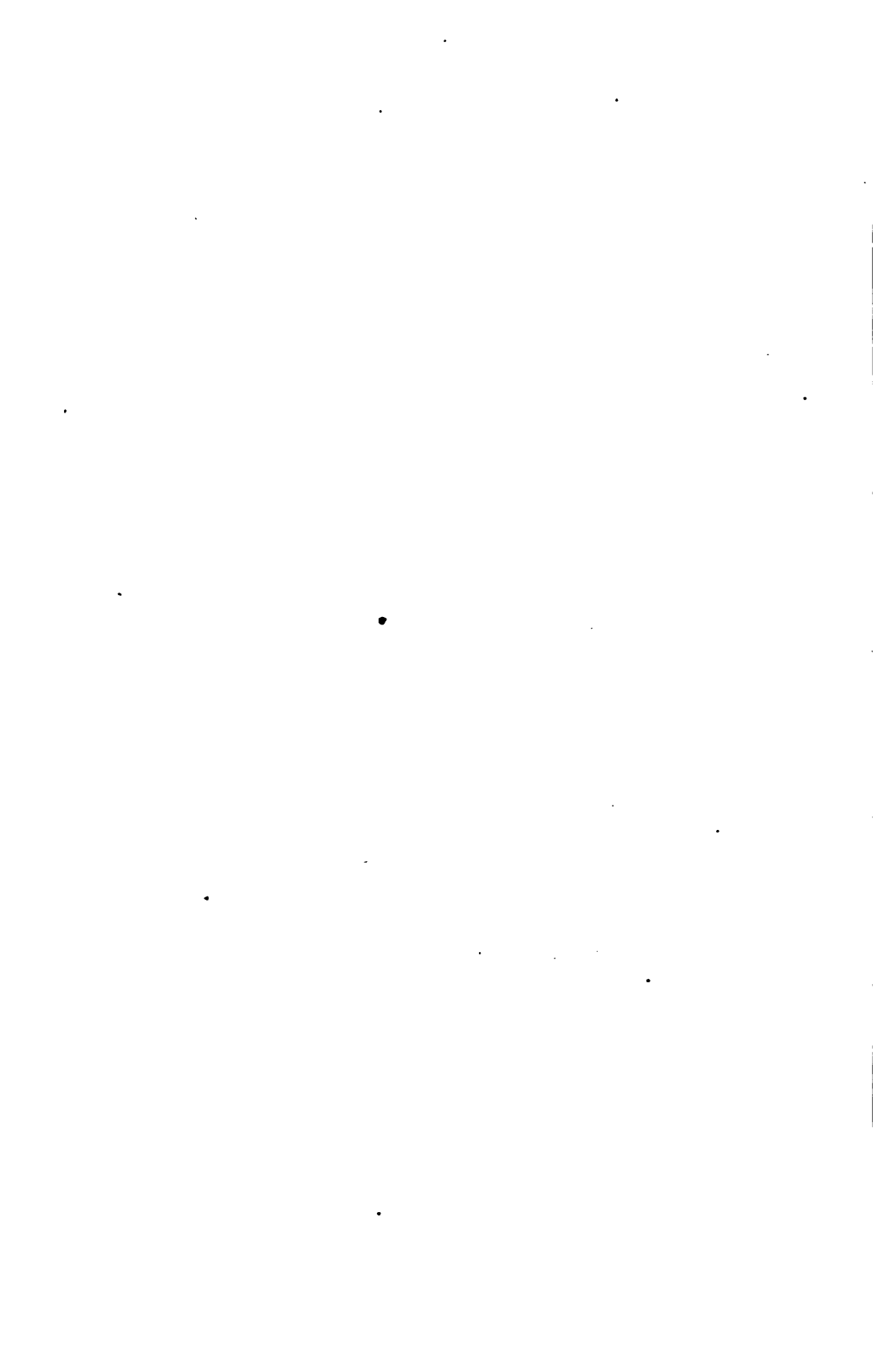
An analysis of the character of the furniture imported from the above-stated countries shows, what is besides already implied by the small entity of the contribution from each singular country, that the imported furniture is represented by specialties, for some of which each of them enjoys a traditional reputation, and which, through one reason or another, are either not manufactured or can not be manufactured in the United States.

It will be seen from the foregoing that not the slightest reason exists for fear of any possible competition to domestic production from the imported article. It appears instead desirable to facilitate the importation of such models and styles of artistic furniture as will enable American manufacturers to improve the style of their makes and to enter new fields of exploitation of the public taste in this line of goods. Hence this chamber recommends a reduction of the present high rates of duty on this line of manufactures.

Respectfully submitted.

ITALIAN CHAMBER OF COMMERCE IN NEW YORK,
E. MARIANI, *Vice-President*.
G. R. SCHROEDER, *Secretary*.





TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

FIRST PRINT, No. 23.

TUESDAY, DECEMBER 1, 1908.

WASHINGTON:
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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

SERENO E. PAYNE, *Chairman.*

**JOHN DALZELL.
SAMUEL W. MCCALL.
EBENEZER J. HILL.
HENRY S. ROUTELL.
JAMES C. NEEDHAM.
WILLIAM A. CALDERHEAD.
JOSEPH W. FORDNEY.
JOSEPH H. GAINES.
ROBERT W. BONYNGE.**

**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. FOU.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Tuesday, December 1, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. We will hear the silk importers first this morning. Is Samuel Kridel present? [No response.]

STATEMENT OF MR. ARTHUR W. WATSON, OF 83 GREEN STREET, NEW YORK CITY.

Mr. WATSON. We have a brief here that we want to submit. Shall we read it—it is very short—or shall we hand it in?

The CHAIRMAN. Just as you choose about that.

Mr. WATSON. We will hand it in, sir.

(The following brief was submitted by Mr. Watson:)

Gentlemen, the committee appointed by the importers of silks and silk goods to appear before the Committee on Ways and Means has been instructed to ask that all rates on silk goods be adjusted on a purely specific basis.

As the classifications of silk goods need considerable and careful study in order to be equitable to all interests concerned and as the time has been very limited to work out such a schedule, it is our intention to confer with the committee of the Silk Association of America for the purpose of cooperating with them in framing a proper schedule. We therefore ask the indulgence of your honorable committee to submit within a reasonable time a schedule of rates which we believe will be satisfactory to you and to all interests concerned.

We desire to emphasize the fact that all ad valorem rates shall be abolished.

Respectfully submitted.

A. W. WATSON,
WALTER KOBBE,
SAMUEL KRIDEL,
HENRY F. TIEDEMANN,
Committee.

STATEMENT OF MR. SAMUEL KRIDEL, OF NO. 47 GREEN STREET, NEW YORK CITY.

Mr. KRIDEL. I will simply say that we all signed the brief that was last submitted by the committee representing the importers, the brief submitted by Mr. Watson.

The CHAIRMAN. Is Mr. Jacques Huber present? [There was no response.]

STATEMENT OF MR. F. W. CHENEY, OF MANCHESTER, CONN., REPRESENTING THE SILK ASSOCIATION OF AMERICA.

Mr. CHENEY. I appear here as the chairman of the revenue laws committee of the Silk Association of America. We have expressed our views in our brief which we will submit, to be either read or filed as you wish. We wish to take up as little time as possible.

The CHAIRMAN. You may read your brief.
(Following is the brief submitted by Mr. Cheney:)

DECEMBER 1, 1908.

WAYS AND MEANS COMMITTEE,
House of Representatives, Washington, D. C.

GENTLEMEN: The Silk Association of America has authorized the members of its committee on revenue laws to appear before the Committee on Ways and Means at the hearing on the silk schedule, Tuesday, December 1, and represent it in all matters relating to the tariff revision to come before Congress.

Our committee has earnestly endeavored to harmonize the views of the domestic manufacturers and the importers of silk goods. We have hopes of being able to bring about the cooperation of both parties to secure substantially the recommendations as to rates of duty required under the new tariff, but it requires more time than we have at our disposal to bring about such an agreement to report to you to-day.

We are earnestly trying to make the duties, so far as practicable, specific and only to resort to ad valorem rates in cases where specific duties can not be applied equitably. Ad valorem rates are theoretically the fairest ones, but many years' experience has proved that they can not be collected because of undervaluation, and they lead to the demoralization of the import trade and give unfair advantages to unscrupulous importers.

Under the Dingley bill specific duties were imposed so far as they seemed to be at that time practicable. The Dingley tariff has worked fairly well on the whole, but some weak points have developed the fact that in extreme cases the rates have been excessive and in others inadequate. It is our wish to correct these inequalities and to make specific rates bear more uniformly.

Silks belong to the class of luxuries consumed by the rich. Taxes on these articles do not bear heavily on the laboring classes, who can escape them altogether without hardship whenever wages are not ample enough to permit indulgence in even moderate luxuries.

The profits in silk manufacture are not excessive, considering the risks incurred. No large fortunes have been acquired by silk manufacturers, and there is not even one very rich silk manufacturer in this country. The production of silk goods is absolutely on a free competitive basis, without any combination. One result of this home competition has been to materially decrease the cost of silk goods to consumers.

A severe cut in the tariff rates on silks will be followed immediately by a cut in the wages of the workers in the silk mills, who are in no way responsible for the economies which will be forced upon their employers. They have already suffered enough during the panic year we have just passed through and can ill afford to be subjected to further losses.

It is our intention to cooperate with you in any way in our power to facilitate the revision of the tariff, and to do so with as little delay as possible. If you wish us to furnish in detail the rates of ad valorem and specific duties to be applied we will prepare them.

We are not here to protest against anything, and will accept whatever your honorable body desires.

We respectfully request more time to work out our figures before finally submitting them to you. We will have them ready by the time you really require them. Our present wish is to encroach as little as possible on your valuable time and to do nothing that can be construed as obstructive or not responsive to your investigations of existing conditions.

Respectfully submitted.

F. W. CHANEY,
JACQUES HUBER,
WILLIAM SKINNER,
CHAS. F. HOMER,
OTTO ANDREWS,

*Committee on Revenue Laws of the
Silk Association of America.*

Attest:

FRANKLIN ALLEN, *Secretary.*

The CHAIRMAN. Are there any other silk manufacturers who desire to be heard?

**STATEMENT OF MR. CHARLES SCHOEN, OF NO. 97 GREEN STREET,
NEW YORK CITY.**

Mr. SCHOEN. I have no special suggestion to make as to the various rates of duty to be levied under the new tariff, but I would like to show here figures as to how the present specific duties act in proportion to the ad valorem duties that are collected. I have here a list of importations which came in under the 50 per cent clause, and if the respective specific rates would be collected there would be only one item that would pay 50 per cent ad valorem.

Mr. GRIGGS. What schedule are you speaking upon?

Mr. SCHOEN. Silks. And all the other items would pay less. This schedule is a copy of the importations at the port of New York.

Mr. DALZELL. Are you talking to any particular paragraph in this schedule?

Mr. SCHOEN. I am talking about paragraphs 387 and 391.

Mr. GRIGGS. Are you a manufacturer?

Mr. SCHOEN. I am a manufacturer of dyed silks. Our business is a very peculiar business, and the designs and preparation for the designs brings about a great deal of labor. I have brought two samples along—one a Jacquard article and one a plain article. I would say that as to the weight of these articles they are both alike, but this article [indicating sample], 36 inches wide, sells for 90 cents a yard, while this article [indicating sample], 24 inches wide, sells at the same price, so that a similar specific duty could be applied to both articles alike. I therefore advocate either a higher special duty for Jacquard goods—that is, goods with more than two colors in the warp and in the filling, or goods containing more than two weaves—or a minimum rate of duty such as we have now, 50 per cent, or whatever the committee may desire. I do claim that without a minimum rate of ad valorem duty our industries would be severely crippled. The tussah manufactured in this country amounts to between five and seven million dollars. The majority of these goods imported in this line come in under the ad valorem duty.

I would like to leave this statement.

(The following statement was submitted by Mr. Schoen:)

Particulars of certain importations of silk woven fabrics in the piece from invoices in the custom-house, New York.

[These goods all weigh between 1½ and 8 ounces to the square yard and are dutiable at 50 per cent ad valorem under the provisions to paragraph 387 of the act of 1897.]

Description.	Length.		Width.		Weight.	
	Meters.	Yards.	Centimeters.	Inches.	Kilograms.	Pounds.
Silk and cotton, 20-30 per cent silk, yarn dyed, colored.....	1,105.00	1,208.44	60	-----	70,700	155.87
Do.....	1,073.85	1,174.37	60	-----	81,270	179.17
Do.....	580.35	634.68	60	-----	40,250	88.74
Silk and cotton, under 20 per cent silk, piece dyed.....	347.50	380.03	-----	24	18,400	40.56
Do.....	95.90	104.88	-----	24	6,350	14.44
Do.....	100.30	109.69	-----	24	5,670	12.50
Silk and cotton, 30-45 per cent silk, yarn dyed, colored.....	292.75	320.15	-----	24	18,000	39.68
Do.....	287.35	314.25	60	-----	10,200	22.71
All silk, yarn dyed, weighted, colored.....	-----	9.00	-----	28	-----	1.94
Do.....	-----	50.00	-----	24	3,000	6.61
Do.....	-----	90.00	-----	28	-----	14.15
Do.....	-----	12.16	-----	28	-----	2.56
Do.....	-----	6.08	-----	27	-----	.63
Do.....	-----	16.09	-----	28	-----	4.65
Do.....	-----	2.09	-----	28	-----	.47
Do.....	-----	7.00	-----	28	-----	1.53
Silk and cotton, over 45 per cent silk, yarn dyed, colored, weighted.....	48.85	53.52	65	-----	3,200	7.05
Do.....	46.40	50.74	65	-----	2,750	6.06
Do.....	120.45	131.73	65	-----	6,700	14.77
Do.....	90.45	98.92	65	-----	5,850	13.12
Do.....	101.50	111.00	65	-----	6,860	15.32
Do.....	103.55	113.24	65	-----	6,800	14.99
Do.....	25.00	27.34	65	-----	1,400	3.09
Do.....	24.10	26.36	65	-----	1,500	3.31

Description.	Value.		Primary specific rate per pound.	Actual duty paid.	Amount of specific rate per pound.	Per cent.
	Foreign.	United States.				
Silk and cotton, 20-30 per cent silk, yarn dyed, colored.....	Marks.					
Do.....	1,495.05	\$355.82	\$0.90	\$177.91	140.28	78.75
Do.....	1,153.00	315.81	.90	172.00	161.26	93.20
Do.....	785.40	183.93	.90	93.48	79.85	85.45
Silk and cotton, under 20 per cent silk, piece dyed.....	230.15	54.78	.60	27.39	24.34	88.90
Do.....	87.90	20.94	.60	10.47	8.66	83.00
Do.....	81.75	19.43	.60	9.73	7.50	78.00
Silk and cotton, 30-45 per cent silk, yarn dyed, colored.....	485.80	115.63	1.30	57.81	51.58	80.00
Do.....	383.65	92.51	1.30	45.23	46.42	100.00
Do.....	£. s. d.					
All silk, yarn dyed, weighted, colored.....	4 5 9	20.87	2.25	10.44	4.38	42.00
Do.....	16 0 8	78.02	2.25	39.01	14.87	38.00
Do.....	22 9 3	109.31	2.25	51.65	31.81	58.30
Do.....	5 6 5	25.89	2.25	12.05	5.76	44.50
Do.....	2 13 2	12.93	2.25	6.47	1.40	21.50
Do.....	6 19 6	33.94	2.25	16.97	10.47	60.00
Do.....	1 0 0	4.87	2.25	2.44	1.05	43.00
Do.....	3 1 5	14.94	2.25	7.47	3.44	46.00
Do.....	Austrian crowns.					
Silk and cotton, over 45 per cent silk, yarn dyed, colored, weighted.....	243.40	49.41	2.25	24.70	15.86	64.00
Do.....	195.95	39.76	2.25	19.88	13.64	68.00
Do.....	495.20	100.53	2.25	50.27	33.23	65.00
Do.....	301.95	70.57	2.25	39.78	29.52	74.00
Do.....	441.95	89.72	2.25	44.83	34.47	77.00
Do.....	455.80	92.53	2.25	46.26	33.73	73.00
Do.....	109.25	22.18	2.25	11.09	6.95	62.50
Do.....	109.20	22.17	2.25	11.09	7.45	67.20

The CHAIRMAN. Mr. E. H. Davidson. [No response.] Mr. Julius Kayser. [No response.] Mr. Harold A. Andrews. [No response.]

STATEMENT OF MR. J. ARTHUR ADAMSON, COLUMBIA AND GER-MANTOWN AVENUES, PHILADELPHIA, PA.

Mr. ADAMSON. I would like to say that the people I represent are interested in the cotton and silk schedules, and slightly in the wool. The only change we are asking for is a slight change in the cotton paragraph. If it be more to our interest to put in our petition when you are calling upon the cotton people, I would like to do it at that time.

The CHAIRMAN. Perhaps you had better wait for the cotton schedule, Mr. Adamson.

Mr. ADAMSON. I would be very glad indeed to hand it in, and will only state that we represent the weaving interests, which has more labor and less material than any weaving interest in existence; that we are handicapped by high prices, high skill, and we respectfully submit that we get such consideration, gentlemen, as our large proportion of skill would entitle us to. And rather than take up any more of your time I will ask permission to present this matter in this form.

(Following petition was filed by Mr. Adamson:)

HON. SERENO E. PAYNE,
*Chairman Ways and Means Committee,
House of Representatives, Washington, D. C.*

In appearing before you to advocate the interests of the narrow-fabric manufacturers, embraced in paragraphs 320, 322, 335, 336, 339, 371, and 389 of the present tariff, we represent that part of the weaving interests that is most vulnerable to foreign competition. Without a protecting tariff every narrow-fabric mill in the country would be closed and would remain closed until poverty and hunger had forced those operatives who could not secure remunerative employment in more fortunately situated industries to accept the standard wages of foreign weavers, with its consequent privations. The files of the State Department, which contain the reports of our resident consuls and special consular agents, and the statistics of the Bureau of Manufactures, connected with the same Department, are eloquent in their cold, hard details, as they show the constant struggle of the foreign operative for what Americans consider barely sufficient to keep life in the body.

There is no exportation of narrow fabrics from this country. The importations from foreign countries are so varied and under so many classifications that it is difficult to ascertain their exact amount, but \$20,000,000 would be an underestimated amount of importations classed in paragraphs 320, 322, 335, 336, 339, 371, and 389. As less than \$6,000,000 of this \$20,000,000 is comprised in raw materials, it can be easily appreciated what benefit to the citizens of the United States would be the remaining \$14,000,000 if distributed among them in return for their labor.

The wages paid for weaving these narrow fabrics are higher than those paid for weaving any class of textile goods. Of the weavers the majority are women, and their weekly wages vary from \$7 to \$18

per week, according to the skill of the weaver and the product that is woven. The higher price mentioned above is not unusual for those employed on fine and costly materials, and upon the poorest and cheapest goods a woman who does not earn \$7 per week is not considered a desirable operative.

Of all woven fabrics, ribbons, bindings, and webbings have the largest proportion of labor as an item of cost. As an illustration: One square yard of corset jean can to-day be purchased for 6 cents. Exactly the same yarn, identical in size—that is, length and weight, with the same amount of picks to the inch—if made into No. 2 stay binding, would cost at the mill, with no expense for selling, more than 18 cents.

This is not an exaggerated or unusual comparison. Corset jeans similar to the above-mentioned class are in constant use, and there is not a manufacturer of stay bindings who is not at all times making and selling the size of tape above mentioned. As stated, the weight of these two pieces of plain cloth is the same. The only difference is that the corset jean is 1 yard long and 36 inches wide and the No. 2 stay binding 144 yards long and one-quarter of an inch wide. The difference in cost of the two articles, the yarns from which they are made being identical, is made up by the greater amount of labor and the more skill of the weaver employed on the narrow fabrics and the greater cost of manufacturing, known as the "burden rate," i. e., the interest on cost of mill and machinery, together with the expense of maintenance and superintendence.

The primary and practically sole object of a protective tariff is to provide remunerative wages to those engaged in the production of the article made and who are principally those performing the manual labor. It is also logical and right that when labor is to be protected those occupations that require the longest training should receive the most protection, and those manufactured articles that have the smallest proportion of raw materials and largest proportion of labor need the highest rate of duties.

The percentage of labor in weaving all narrow fabrics such as are referred to and included in paragraphs 320, 322, 335, 336, 339, 371, and 389, as stated before, have so small a percentage of material and so large a percentage of labor that it is remarkable that the industry in this country has been able to maintain itself against the low cost of foreign countries. Any reduction of the present duties on these goods must be followed either by a curtailment of domestic production, with a corresponding idleness of home labor, with the incidental depreciation of plant which is represented by machinery and buildings, or by a reduction in the wages paid to the laborer. The manufacturing of narrow woven or braided goods has never been an occupation that would attract the manufacturer who expected great wealth. The business, which is centuries old, has practically been in existence in this country less than fifty years. These goods are of so slow production that a large output by any one concern is out of the probabilities, the outlay for the plant being so large in proportion to the value of the production.

On the other hand, as there is frequently an opportunity for the exercise of ingenuity, the trade offers inducements to men of small means who, with some technical knowledge and an inventive mind, are able to produce some of its numerous and varied articles to better

advantage than had previously been possible; small factories are constantly being started to make some special class of goods in which the projector considers he has special knowledge of facilities.

The present duties on these goods when made from cotton is 45 per cent; from silk or linen, 50 per cent. It will be noticed that this is about the duties that are now placed upon articles "not especially provided for." The effect of these duties has been that the domestic manufacturer has been able to control for himself the domestic market for most of the low-priced goods, and those that have the largest proportion of material and the least of labor. There are, however, many classes of goods in which the domestic manufacturer is to-day unable to compete with his foreign rival.

The most important articles in this class are those goods made from fine yarns that have been subject to special processes that largely enhance their value and which the domestic manufacturer is compelled to import at a high duty.

In some cases, notably in finished threads that come under the classification of spool cotton, the duty on the yarns is higher than upon the finished goods containing the same.

When it is considered that a cotton or silk ribbon weaver at Basel or St. Etienne will not average 20 francs per week, and at Philadelphia or Paterson she will receive \$10 for the same number of days; that a day's work here is nine hours, and there is from ten to twelve hours per day, it is easy to appreciate the difficulty that confronts the home manufacturer when he has to pay a larger rate of duty on his raw materials than is imposed upon the importation of his foreign competitors' finished product, and also how the district of Etienne exported during the year of 1907 more than 8,000,000 of silk and cotton goods, the greater part of which came to the United States.

In paragraph 371, representing webbings, bindings, and so forth, made from wool, we have a protective duty of 60 per cent ad valorem, and in addition a specific duty of 50 cents per pound to compensate for the tariff on the raw material.

In paragraph 339, comprising those cotton or flax narrow fabrics to which an additional value has been added to the woven goods by embroidering or similar additional process, the duty is raised an additional 15 per cent, making it 60 per cent ad valorem.

These two additions have worked well, and the domestic manufacturer has been enabled to produce many articles that are embraced in these paragraphs.

We are now here to urge you to include a similar clause in paragraph 320, referring to bindings, etc., made from cotton or other vegetable fiber, which shall read "but when any of the foregoing articles are made from yarns that have been mercerized, calandered, or polished previous to the weaving, one-eighth of a cent a yard and 50 per cent ad valorem."

The above additional clause would enable the American manufacturer to make a class of goods that are now imported—one that every enterprising manufacturer has exerted the best of his resources and ability to produce and in most cases has been compelled to abandon with nothing to show for his efforts but an added experience and some loss.

In closing our petition against any reduction from the present rate of duties in paragraphs 320, 322, 335, 336, 339, 371, and 389, we would call your committee's attention to the general principle of tariff protection in the United States.

While the protective tariff has provided for the owner or operator of a textile mill an opportunity to employ his money and his labor in a line or occupation that would not have been available to him, it has not added largely to his profits. During 1907 the textile manufacturers of Great Britain, and especially the web and binding manufacturers, made as large a percentage of profit as was made by those of the United States; also, more large fortunes have been made in the textile business in England than in the United States.

On the other hand, notwithstanding the comparatively luxurious living of the American operative, the accumulated savings, represented in houses, building societies, and bank deposits, held by the working classes of Philadelphia is many times more than the accumulations of the workers of Manchester, England.

In this country it has always been that the advantage of high prices in production has gone to the men or women who work with their hands.

In England, while the banker who loans money does it at a lower rate of interest than the American banker can afford, the operator, whether corporation or individual, who invests in an industrial plant expects the same return as we do here. Lower prices there only means less comfort for the man or woman who works at the loom.

Respectfully submitted.

J. ARTHUR ADAMSON, *Secretary*.

STATEMENT OF MR. B. A. LEVETT, OF 24 STATE STREET, NEW YORK CITY, REPRESENTING THE STAR RIBBON COMPANY.

Mr. LEVETT. The merchandise that I desire to speak on to-day is represented by this sample [handing sample to chairman of the committee]. It is linen, woven in the piece, and is what they call "linen ribbon."

Mr. DALZELL. What paragraph is this?

Mr. LEVETT. Paragraph 391, for the manufactures of silk not specially provided for. They did pay at one time 60 per cent, but in the decision of the circuit court about four years ago it was held that ribbon without any filling was dutiable as a manufacture of silk.

There are two domestic manufacturers of this article in this country, whom I represent. They are not made on a ribbon loom at all. They are made, as you see, by weaving a broad fabric with what is called the "douce edge," about 20 per cent silk, and the balance is cotton, although the silk is the chief value. You will notice an interval there, a thread left out, so as to mark the width of the ribbon. The Star Ribbon Company was the pioneer in the manufacture of this article here.

The CHAIRMAN. Do you say that that is a linen ribbon?

Mr. LEVETT. It comes in as a manufacture of silk at the present time. The article that we are asking a higher rate of duty on is ribbon made from that fabric. There is very little of that fabric imported.

The CHAIRMAN. What is the process of manufacture?

Mr. LEVETT. It is put through the cutting machine; then it is cut and wound.

The CHAIRMAN. You would like to have the fabric brought in under the paragraph on ribbons?

Mr. LEVETT. We would like to have the duty on ribbons made from this fabric increased and the fabric correspondingly increased.

Mr. DALZELL. What does it pay now?

Mr. LEVETT. Fifty per cent. That would pay about 50 per cent, or it might come in under the broad fabric classification at a specific rate of about 50 per cent. The point is this: You gentlemen have heard a number of arguments showing that protection fosters trusts and makes the price to the consumer higher here. I want to show in a few moments that protection will decrease the price of these ribbons to the consumer, and the reason for that is this, that before the domestic people started to make this the importers had a monopoly. They were charging \$4 for a thousand yards of baby ribbon, at wholesale in the market here, with 7 per cent off, the regular discount. The domestic people, the Star Ribbon Company, started to manufacture, and immediately, as soon as the competition began to be felt, the price went down, so that to-day the price of those ribbons for which were charged \$4 before the domestic people started to manufacture is \$2.10 or \$2.12, somewhere around there, with 7 per cent off. At the time we started to manufacture of course the price, \$4, had a fair profit in it. We started with one loom, and we had gotten up to 30 looms, and are turning out a million yards a week, then the price commenced to be cut. To-day the price is \$2.10, and it costs the Star Ribbon Company, by figures which I have here and will submit, \$2.07 to make an article which is selling to-day for \$2.10, with 7 per cent off.

The other concern which I represent, and the only other manufacturer of that ribbon, has a little higher cost, because the chief fabric is made outside, and it costs them about \$2.14. The result is that they have practically had to cease selling at a loss. They are running a few looms now to keep in the market. Those have come out of the market, and the price of ribbon is going up to the consumer. According to my best information, at the port of New York, the imported prices of these ribbons is about 7.75 to 8 francs a thousand meters, with a discount of 20 per cent, which, turned into American money on that basis, is 8 francs, or \$1.25 a thousand meters, or \$1.11 per thousand yards. If you had a duty of 50 per cent, that would bring it up to \$1.67. If you add 3 per cent for expenses, ocean freight, and other nondutiable expenses, it brings that total landed price in New York city to \$1.71 per thousand yards.

The CHAIRMAN. The fabric that you present there is capable of being manufactured into ribbon by simply running it through the cutting machine, and is plainly brought in under an evasion of the ribbon duty.

Mr. LEVETT. I do not claim so; it is very little imported.

The CHAIRMAN. But it is capable of being converted into ribbon in that way, and they do it. It comes in under the basket clause.

Mr. LEVETT. The broad fabric clause, which is practically about 50 per cent.

The CHAIRMAN. That is the same duty, is it not—ribbon, 60 per cent?

Mr. LEVETT. Fifty per cent.

The CHAIRMAN. What you want is to have it made 60 per cent, the same as ribbon?

Mr. LEVETT. What I want is that the ribbons pay a duty that will bring the landed price up to our cost of production.

The CHAIRMAN. You want a greater protection?

Mr. LEVETT. Greater protection.

The CHAIRMAN. On ribbons, too?

Mr. LEVETT. Mainly on ribbons, but that is an incident. I propose to show just exactly what that duty should amount to to put us on an equality with the importer. According to these figures, with the duty and all expenses, it costs the importer \$1.71 a thousand yards to land this in New York. It costs us \$2.07 to make it. We ask that a duty be put on equal to the difference between our cost and the landed price of the imported ribbon to-day. I have figured that out, and basing it on a pound specific, we ask that the duty be made on cut ribbons, dyed, \$1.25 per pound and 15 per cent ad valorem. On this fabric there is about 50 cents difference in the cutting and winding, and so on.

The CHAIRMAN. What ratio does the weight of the ribbon bear to its value?

Mr. LEVETT. All the silk specific duties are by the pound.

The CHAIRMAN. That is, where the goods run uniform. But there is no uniformity in ribbon?

Mr. LEVETT. These will run very uniform.

The CHAIRMAN. Is not a pound of some worth ten times as much as a pound of another kind?

Mr. LEVETT. We are here asking for this specific ribbon duty, not about the general ribbon proposition. We have nothing to do with that. We started to manufacture this particular article, have built up an industry, and now we have to sell it at a loss, because they are landed at 30 or 40 cents below our cost.

The CHAIRMAN. Have you given there the value of a pound of these goods?

Mr. LEVETT. I was going to get to that. A pound of these ribbons—well, three-quarters of a pound would be about a thousand yards, so that a pound would be 1,333 yards. I have used that as a basis to get the pound duty, which, added to the landed price of a pound of this ribbon, will equal the cost of manufacture to us of that pound. But, taking the duty of \$1.25 a pound and 15 per cent ad valorem, it will give us a protection of 5 or 6 per cent.

The CHAIRMAN. In those goods, would not a pound make more than 1,500 yards?

Mr. LEVETT. No; because the production would cover the chief value—the silk—and upon these ribbons they put in enough silk to make it the chief value. It is about 20 per cent by weight, so that they would run uniform and the rate would be equitable.

Now, one of the reasons for that enormous difference in the cost of production abroad and here is the difference in the labor, of course. We pay about \$2 a day, and I have a letter here which was written in 1907 to one of the manufacturers on another subject-matter who

at that time was importing some of these; one order was not quite right, and he wrote about it, and in this answer, among other things, said:

I have given due consideration to this order, which has been correctly delivered. Unfortunately weavers who only earn, by working ten hours a day, about 25 or 30 cents can not be depended upon, as they work on the looms when they have nothing else to do, and this accounts for the cheap price here.

A weaver in Lyon will get more than that, but the people who make these ribbons are up in the mountains where they work when they feel like, and they get 25 to 30 cents a day, while we pay our men \$2 a day.

The other manufacturer whom I represent started with four looms some time ago, and he still has that number. He has never had a chance to increase them. He can not sell his goods to-day, as he is always met by the answer, "Put your price down to the price the importers sell, and we will do business with you." We ask that a special provision be inserted in the silk schedule covering this particular kind of ribbon—that is to say, a ribbon cut from piece goods. We suggest the following language:

Ribbons in chief value of silk in the piece not dyed or bleached, sixty cents per pound and fifteen per cent ad valorem; if dyed or bleached, seventy-five cents per pound and ten per cent ad valorem; ribbons in chief value of silk cut from a fabric, one dollar per pound and fifteen per cent ad valorem.

(The following brief was filed by Mr. Levett:)

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: The Star Ribbon Company is a domestic concern manufacturing, among other things, what are known as No. 1 cut-edge ribbons or sometimes commonly referred to as cut-edge "baby ribbons." These articles are not made on a ribbon loom, but are made by first weaving a broad fabric with what is called a doupe edge. This fabric contains about 20 per cent silk by weight and the balance cotton—silk chief value. It is cut into strips or ribbons. In this fabric at intervals representing the width of the desired ribbon a binding edge is woven, then a thread is omitted, leaving the fabric in such condition that it can be readily cut into strips or ribbons. The Star Ribbon Company was the pioneer in this country in this line, starting about nine years ago with one double loom and building up a business which at one time kept occupied thirty double looms, turning out about a million yards of ribbon a week, and was in a fair way to work up a large domestic industry. At the time we started the imported goods of the same character were selling as high as \$4 per spool of 1,000 yards. When our competition began to be felt the importers started to cut the price and continued to do so until to-day when the ribbons are selling at \$2.10 to \$2.25 per thousand yards, with 7 per cent off if paid in ten days.

These ribbons to-day pay a duty of 50 per cent ad valorem under paragraph 391. Prior to four years ago they were assessed at 60 per cent as trimmings, but in a decision of the United States circuit court rendered in 1904 they were held to be properly dutiable as manufactures of silk, and the Treasury Department thereupon issued instructions to assess the goods at 50 per cent, in accordance with the court's decision (T. D., 25375). This, coupled with the fact that the for-

eigner through cheaper labor is enabled to produce his goods far below our cost of production, has resulted in practically putting an end to our industry on this ribbon for the reason that to-day the imported article sells in the market here at less than it costs us to produce similar goods. Instead of operating thirty double looms, as heretofore, we are now operating only nine and at a loss. We attach hereto a detailed statement of our cost of production, giving every item that enters into the cost. From this statement of cost it appears that 1 yard of the fabric costs us to manufacture 44½ cents; to this are added the cost of dyeing, the cutting, winding, spooling, boxing, and general expenses of 10 per cent, selling and expenses of 5 per cent, making our net cost \$2.07 per thousand yards of ribbon. Waste is not included.

We are informed and believe that the committee can substantiate the fact through the Government's statistics showing the value per thousand yards of these goods as imported, that the imported ribbons of this character pass the custom-house at a value of about 7.75 to 8 francs per thousand meters, discount 20 per cent. This, turned into American money on the basis of 8 francs, is about \$1.23 per thousand meters net, which means about \$1.11 per thousand yards. Adding the duty of 50 per cent brings the cost to \$1.67, and adding 3 per cent for freight, etc., makes the total cost to the importer to land the goods in New York \$1.71 per thousand yards of goods which it costs us about \$2.07 to make.

We understand that it is proposed to insert the word "ribbons" in the trimmings paragraph, which at present fines a duty of 60 per cent; but we desire to call attention to the fact that 60 per cent would not enable us to compete on this article. We therefore ask that a special provision as to these cut ribbons be inserted fixing a specific duty which will be somewhat higher for the ribbons when cut than when imported in the doupe fabric. We ask that this rate be based on our cost of production. Taking that cost as \$2.07 per thousand yards as a basis, we ask that a duty be assessed on these goods which will bring the landed price equal to our cost of production plus 10 per cent. In other words, we ask that we be allowed to make the same profit as the importer, with a protection of 10 per cent to protect American industry and labor. On this basis it should cost the importer to land his goods \$2.07 plus 21 cents, or \$2.28, per 1,000 yards. That is to say, he should pay to the Government as duty \$1.13 per 1,000 yards, the difference between \$2.28 and \$1.15—his net cost of \$1.11 plus 3 per cent for expenses.

We are informed that the average invoice value of such of these goods as are imported in the piece is 75 centimes per meter, 60 centimeters wide, although not much of this is imported. It is obvious, however, that should the duty be advanced on the ribbons when cut, it should also be advanced on the doupe cloth, although there should be a differential to protect the labor of cutting the articles here, and we believe this differential would not be over 5 per cent. We therefore suggest that the fabric be taxed at 75 cents per pound and 15 per cent ad valorem and that the ribbons be dutiable at \$1 per pound and 15 per cent ad valorem.

One thousand yards of this ribbon weighs approximately three-fourths of a pound, so that a pound would mean about 1,333 yards, representing a foreign cost according to our information and the

foregoing calculation of \$1.48 for the ribbons and 90 cents for the piece goods. Our cost for the ribbons is \$2.76 per pound. On the basis of the cost the rate asked would bring the duty on the cut ribbons to \$1.17, within 2 cents of the duty which as before pointed out, is vital to the continuance of our business. On the uncut fabric the duty would be about 89 cents.

We beg to call attention to a similar provision which exists in the present tariff act in paragraph 386, for silk plushes at \$1 per pound and 15 per cent ad valorem, and silk plush ribbons at \$1.15 per pound and 15 per cent ad valorem; also to the provision in paragraph 315, where cotton plushes, etc., are provided for at 9 cents per square yard and 20 per cent ad valorem if not bleached, etc.; at 12 cents per pound and 20 per cent ad valorem for plush, etc., if bleached, while articles made therefrom are provided for at the same rates with an additional 10 per cent ad valorem.

It is true that the requested duty is high ad valorem, but in reality it is a very conservative request for we ask only an actual protection of 10 per cent, and we urge that we are entitled to a fair chance to exist, and the seemingly high rate we ask for is necessary owing to the tremendous difference in the cost of labor here and abroad.

We pay weavers who run 2 looms, producing from 180 to 240 yards, 7 cents per yard. They earn from \$12 to \$15 per week of 55 hours. I am informed that the weavers who make these goods on the other side earn 25 or 30 cents a day. We suggest the following language to be inserted in the proper paragraph:

Ribbons in chief value of silk in the piece, not dyed or bleached, sixty cents per pound and fifteen per centum ad valorem; if dyed or bleached, seventy-five cents per pound and ten per centum ad valorem; ribbons in chief value of silk, cut from a fabric, one dollar per pound and fifteen per centum ad valorem.

I desire to corroborate the statement just made by Mr. Gottschall as to the price at which these cut-edge ribbons are sold in this market. Aside from Mr. Gottschall, I am the only domestic dealer in these ribbons in this country. Unlike him, however, I purchase the fabric in the piece from an American manufacturer who makes it only for me. I do the cutting and finishing myself. I figure my cost based on the price paid for the fabric, with 20 per cent added for my own cost of manufacture, general expenses, etc., as \$2.16 per thousand-yard spools.

As showing the enormous difference in cost of labor here and abroad, I desire to read an extract from a letter written me in 1905, when I was importing this merchandise. This letter was sent to me as an answer to a letter of mine calling attention to an error in a shipment. [Reads extract.]

When I started to manufacture these ribbons here, I had four double looms working. I have been unable to increase by a single loom, and am to-day selling at a loss in order to remain in the market.

**STATEMENT OF MR. JULIUS KAYSER, OF NO. 524 BROADWAY,
NEW YORK CITY.**

Mr. UNDERWOOD. What paragraph do you propose to speak to?

Mr. KAYSER. Paragraph No. 390, silk gloves.

Mr. GRIGGS. Are you a manufacturer or importer?

Mr. KAYSER. A manufacturer.

The CHAIRMAN. You may proceed, Mr. Kayser.

Mr. KAYSER. I come before you to give you some information as to the magnitude of this business that is a comparatively new one. I want to tell you that last year about 975,000 dozen of silk gloves were manufactured in this country, and probably 125,000 or 150,000 dozen imported. The importations were unusual, and only owing to the fact that the manufacturers in this country could not produce the quantity required.

The CHAIRMAN. How do you designate these goods?

Mr. KAYSER. As silk gloves. I wish to state that this importation that I have just mentioned was a very unusual one. Prior to 1906 I do not believe that there were 5,000 dozen silk gloves imported into this country, and I do not believe that at any time within the last twenty-five years there were 10,000 dozen imported into this country.

The CHAIRMAN. These gloves are not mentioned by their name in the tariff?

Mr. KAYSER. Not in any special schedule. They come in under knitted wearing apparel.

Mr. UNDERWOOD. The ordinary importations amount to nothing?

Mr. KAYSER. To nothing, and never have.

Mr. DALZELL. Gloves are specifically excepted in paragraph 390, which reads as follows: "That any wearing apparel or other articles provided for in this paragraph except gloves."

Mr. UNDERWOOD. And it reads, "when composed in part of india rubber."

Mr. KAYSER. I understood it was paragraph 370, with a duty of 60 per cent ad valorem.

Mr. DALZELL. Then they must come under knit gloves.

Mr. KAYSER. Yes; knit gloves; they are a knit fabric.

Mr. DALZELL. Very well, proceed.

Mr. KAYSER. I do not ask for any advance in the tariff. I think it would be advisable to have a specific duty and a percentage about the same as it is now in place of the ad valorem. The difference in the labor cost in the two countries on gloves is about four to one. I have the prices paid in Saxony and our average prices paid here, and it shows, by the earnings of the girls who work—the principal part of the work is done by girls with sewing machines, who earn an average wage of \$9 per week. The wages in Saxony are not more than 8 or 9 marks a week, with sixty hours of labor, against fifty-five hours of labor here.

Mr. GRIGGS. How long have you been manufacturing gloves?

Mr. KAYSER. Since 1888.

Mr. GRIGGS. Was that the beginning of the glove industry in this country?

Mr. KAYSER. That was the beginning.

Mr. GRIGGS. That was twenty years ago?

Mr. KAYSER. Twenty years.

Mr. GRIGGS. Has the industry pretty nearly grown by this time?

Mr. KAYSER. Yes.

Mr. GRIGGS. But still we have to take care of it.

Mr. KAYSER. No, no; it isn't that.

Mr. GRIGGS. It is not quite 21 years old?

Mr. KAYSER. Not quite 21, and an infant industry comparatively, but I am not afraid of foreign competition so far as that is con-

cerned, excepting the great difference in the cost of labor. The greater part of it is labor; two-thirds of it is labor.

Mr. GRIGGS. Is that what you want the protection for, the difference in the cost of labor?

Mr. KAYSER. That is it.

Mr. GRIGGS. Please show us exactly what it is; that is, put it in your brief.

Mr. KAYSER. I will.

Mr. GRIGGS. Show us the exact difference in the cost of labor here and in Saxony.

Mr. KAYSER. We have a factory there ourselves, so I claim to be thoroughly posted. The gloves that we make there are not silk gloves, however.

Mr. GRIGGS. I should think that you are pretty well off if you manufacture at both ends.

Mr. KAYSER. We make cotton gloves there, not silk.

Mr. GRIGGS. You ought to put a cotton-glove factory in the South, and not in Saxony.

Mr. KAYSER. If you will give us proper working forces there, hands to make them, I would be inclined to do it.

Mr. GRIGGS. You employ cheap labor in Saxony and high labor here?

Mr. KAYSER. Yes.

Mr. GRIGGS. You are not a philanthropist on this question?

Mr. KAYSER. Hardly; we would not want to call ourselves philanthropists. But what we have done, we have given the people of this country a good article which gives satisfaction, as the result shows—an increase of 975,000 dozen gloves last year. I doubt whether in any year there has been imported 150,000 dozen silk gloves into this country.

Mr. RANDELL. Do they have a duty on these gloves in Saxony?

Mr. KAYSER. There is a duty on everything in Germany.

Mr. RANDELL. You favor that duty there, do you, for the protection of your industry there?

Mr. KAYSER. No; I do not care at all. We only manufacture those goods for the market here. We do not care for the German market.

Mr. RANDELL. You are protected by a protective tariff over there, and you want a protective tariff here; and you manufacture in both places?

Mr. KAYSER. Our manufacture over there has nothing to do with our ideas on the tariff at all. It is simply to give us better facilities for those who handle these goods in this country.

Mr. RANDELL. Suppose the labor cost was more there than here, would you be willing to take off the tariff?

Mr. KAYSER. Yes, certainly; we would want no tariff at all.

Mr. UNDERWOOD. You say that the production of this class of goods in the United States is 975,000 dozen?

Mr. KAYSER. Of course, that is an estimate of the production of my competitors. Our production alone was 480,000 dozen last year.

Mr. UNDERWOOD. And that the importations in a normal year will amount to about 10,000 dozen?

Mr. KAYSER. Less than that; that has been exceptional. Long gloves are now worn in enormous quantity. The manufacturers in this country could not supply the whole demand.

Mr. UNDERWOOD. Then the importations are very much less than 1 per cent of the total production?

Mr. KAYSER. Yes, I can say.

Mr. UNDERWOOD. How much duty do these goods pay when they come in?

Mr. KAYSER. Sixty per cent.

Mr. UNDERWOOD. Then you have an industry here upon which the tax amounts to 60 per cent, and the importations are less than 1 per cent. There practically is no revenue paid to the Government, and you think the Government ought to maintain the same prohibitive duty that you have to-day?

Mr. KAYSER. I think so.

Mr. UNDERWOOD. Why should you think so?

Mr. KAYSER. Well, firstly, the tendency of these Saxony manufacturers is to depreciate quality.

Mr. GRIGGS. But you are one of them.

Mr. KAYSER. And for the benefit of the consumer here, he is better off if those goods could not be imported at all. Whatever money they pay for them is thrown away. That is the history.

Mr. UNDERWOOD. Then you are a philanthropist. You want to insure the American consumers against purchases that are bad.

Mr. KAYSER. It has worked that way every time. They can make these goods of much lighter silk and load them in the dye, and instead of getting articles placed before the consumer which are cheaper articles, the consumer gets the worst of it.

Mr. UNDERWOOD. This very large production in this country and very small importation indicates very clearly that foreign manufacturers can not enter the home market at the present rate of duty?

Mr. KAYSER. I would like to explain that to a certain extent. As I say the silk-glove industry was never anything until we took hold of it. I made the article, took out a patent on the finger ends—upon silk gloves there is a liability, if the finger ends cut through, to do great damage after one or two wearings—but I took out a patent in 1887 to reenforce the ends, making an article which would wear, and through that succeeded in making an article like these gloves. During the time I had the patent they were barred from importing those goods, and they did not have any other kind of gloves in this country.

Mr. UNDERWOOD. Then you not only want a protection with a prohibitive duty in this country, but you also have your goods protected by a patent?

Mr. KAYSER. The patent has expired.

Mr. UNDERWOOD. Under this present duty, since 1888, you have built up an industry in this country that has now obtained a monopoly in the American market. Is not that so?

Mr. KAYSER. Yes, sir; the industry has monopolized this market to a great extent.

Mr. UNDERWOOD. Don't you think, under those circumstances and the fact that the Government is needing revenue, that this 60 per cent duty ought to be reduced?

Mr. KAYSER. I doubt whether the Government would derive any revenue from that. I want to say that we personally do not have the monopoly; that is, I haven't got it personally. I have a number of competitors.

Mr. UNDERWOOD. But your industry has a monopoly of the American market?

Mr. KAYSER. It has, so far.

Mr. UNDERWOOD. Now, Mr. Kayser, are you doing any exporting of these goods abroad?

Mr. KAYSER. A very small quantity; very insignificant.

Mr. UNDERWOOD. How much do you export?

Mr. KAYSER. I do not believe we exported altogether 500 dozen.

Mr. UNDERWOOD. Is that all you have exported in the history of your business?

Mr. KAYSER. Yes, sir.

Mr. UNDERWOOD. Then you are not engaged in the export business in any way?

Mr. KAYSER. No.

Mr. UNDERWOOD. Are any of your competitors exporting this line of goods?

Mr. KAYSER. No.

Mr. BOUTELL. Your gloves are better gloves than the foreign gloves, are they not?

Mr. KAYSER. We try to make them so; to have them better.

Mr. BOUTELL. Very much better?

Mr. KAYSER. Very much better; yes, sir.

Mr. BOUTELL. That would account, would it not, for the fact that you and the American manufacturers substantially control the market?

Mr. KAYSER. That is the sole reason, I believe, and the best proof of that is that when they had no competition, when no silk gloves were made in this country, they never succeeded in selling to any extent, and it is not a large article in Europe.

Mr. BOUTELL. How many employees have you in your factory?

Mr. KAYSER. Altogether we have about 2,800.

Mr. BOUTELL. How many are there engaged in other factories of the same kind in the United States?

Mr. KAYSER. I should say about an equal number.

Mr. BOUTELL. So therefore there are between 5,000 and 6,000 altogether?

Mr. KAYSER. Fully that, and more indirectly in the different operations required which the other manufacturers do not do themselves—that is, sewing the silk, dyeing, and things of that kind. I should say about 7,000 engaged altogether in this industry.

Mr. BOUTELL. In general terms, and round figures, how much capital is there engaged in this industry in this country?

Mr. KAYSER. I should say between \$5,000,000 and \$6,000,000.

The CHAIRMAN. I want to ask a question or two about your patent. How long does it run, or when did it expire?

Mr. KAYSER. It expired in 1904. The patent was taken out in 1887.

The CHAIRMAN. So that does not protect you any longer?

Mr. KAYSER. It protects us no longer.

Mr. GRIGGS. You are in a pretty prosperous condition, are you not?

Mr. KAYSER. Yes.

Mr. GRIGGS. Making money?

Mr. KAYSER. I want to state further that our pay roll—

Mr. GRIGGS. I asked you if you are making money?

Mr. KAYSER. We have made money up to now. What we will do in the future we do not know. Things have changed greatly in the last few months, but I think we will always be able to make something. I wish to state that our pay roll for the last year was \$1,400,000 in the different factories.

Mr. GRIGGS. What was your gross income?

Mr. KAYSER. Something over four millions and a half, the total sales. Part of this income is particular importations. We import probably three-quarters of a million of those sales, so it is not all from the manufacture.

Mr. GRIGGS. And that makes your pay roll \$2,000,000?

Mr. KAYSER. Possibly fully that, if not more.

STATEMENT OF MR. HAROLD A. ANDREWS, OF NO. 220 BROADWAY, NEW YORK CITY, REPRESENTING THE VELVET-CASE MAKERS OF NEW YORK.

Mr. ANDREWS. Can I be set down for some later time? I am very much indisposed this morning, and if you will give me an hour or so later on—

Mr. DALZELL. Do you mean at a later time to-day?

The CHAIRMAN. You can come in after the other hearings are closed.

Mr. ANDREWS. I would prefer that, in order to do the subject justice.

The CHAIRMAN. Are there any other gentlemen who desire to be heard on the silk manufacturers' schedule? If not, we will take up the artificial-silk schedule.

STATEMENT OF MR. SIDNEY BLUMENTHAL, OF 453 BROOME STREET, NEW YORK CITY.

The CHAIRMAN. Upon what do you desire to be heard?

Mr. BLUMENTHAL. I represent some of the manufacturers of silk velvets.

Mr. UNDERWOOD. What is the paragraph that you wish to speak on?

Mr. BLUMENTHAL. Paragraphs 384, 385, and 386. The manufacturers whom I represent do not desire to take up the time of the committee, but merely desire to express their wish that the committee may see it possible to adopt specific duty so far as such may be equitable, and to that effect we have prepared a brief, which we would like to hand to the committee for consideration when the time comes.

The CHAIRMAN. It may be printed in the record.

(Following is the brief referred to:)

NEW YORK, *November 30, 1908.*

WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

DEAR SIR: On account of the difficulties in appraising values of schappe and spun silk yarns, which appraisement is necessary under an ad valorem or compound duty, we strongly advise that in the proposed new tariff law a strictly specific duty be imposed on all schappe and spun silk (including tussah silk yarns). The reasons

in favor of this change are many, and we believe that the change would be beneficial to the Government and importer alike.

First. Such a change would be no experiment, as under the present law the duty on cotton yarns is solely specific and it has worked very satisfactorily.

Second. There would be absolutely no question as to the assessment and collection of the correct amount of duties, and this would be equally beneficial both to the Government and to the importers.

Third. Manufacturers of goods into which these yarns enter, usually make contracts sufficient to meet their requirements for a year or more in advance, the goods being delivered and invoiced by the foreign spinner as required. The American manufacturer has to sell the goods into which these yarns enter six to eight months in advance of deliveries, and if during the time he is making up goods there is a sudden advance in market prices of silk yarns for immediate use, and he is compelled to pay a duty based on such present market prices, a serious loss is incurred on the goods which he has already sold, and business is interrupted.

We recommend the retention of the present rates on velvets, plushes, and other pile fabrics as scheduled in paragraph 386 of the present law, and we recommend including in this schedule hatter's plush, which in the present law, under paragraph 461, in black, for use of men's hats, comes in at 10 per cent. As this is an article of luxury, there seems to be no good reason why it should not come in at the same duty as all other plushes, thereby allowing it to be made in this country. Under the present duty there are, of course, no mills making this article in the United States.

We inclose herewith schedule which we recommend to replace paragraphs 384, 385, and 386 of the present law.

Very sincerely, yours.

THE SALT'S TEXTILE MANUFACTURING COMPANY,
 FREDK. E. KIP, *President*.
 SIDNEY BLUMENTHAL & Co. (INC.).
 SIDNEY BLUMENTHAL, *Treasurer*.
 THE AMERICAN VELVET COMPANY,
 CHAS. A. WIMPFHEIMER, *Proprietor*.
 A. WIMPFHEIMER & BRO.

Substitutes proposed for present paragraphs 384, 385, and 386.

Par. 384. Silk partially manufactured from cocoons or from waste silk, and not further advanced or manufactured than carded or combed silk, thirty cents per pound.

Par. 385. Thrown silk, not more advanced than singles, tram, organzine, sewing silk, twist, floss, and silk threads or yarns of every description, except spun silk, thirty per centum ad valorem; tussah spun silk in singles, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, in skeins, cops, warps, or on beams, not colored, bleached, or dyed, twenty-five cents per pound on all numbers up to and including number seventy. Tussah spun silk in numbers above seventy and all other spun silk, in all numbers up to and including number two hundred and thirty, in singles, or advanced beyond the condition of singles by grouping

or twisting two or more single yarns together, in skeins, cops, warps, or on beams, not colored, bleached, or dyed, forty cents per pound and one-tenth of a cent per number per pound; all spun silk yarns above number two hundred and thirty, in singles, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, in skeins, cops, warps, or on beams, not colored, bleached, or dyed, twenty-five cents per pound and two-tenths of a cent per number per pound; if colored, bleached, or dyed, there shall, on all of the foregoing tussah and other spun silk yarns, in addition to the duties provided above, be levied, collected, and paid a further duty of five cents per pound; if dyed, and the weight is increased by the dyeing over ten per centum beyond the original weight of the undyed yarn, there shall be levied, collected, and paid a still further additional duty of ten cents per pound; the duty on colored, bleached, or dyed yarns shall be assessed, levied, collected, and paid on the weight of the yarn before bleaching, dyeing, or weighting, and such original weight and the weight after dyeing shall be stated on the consular invoice; the numbers herein referred to are the French or Continental System of numbers based on the number of meters of yarn in a kilogram of weight.

Par. 386. Velvets, velvet or plush ribbons, chenilles, or other pile fabrics, cut or uncut, composed of silk, or of which silk is a component material, not specially provided for in this Act, one dollar and fifty cents per pound and fifteen per centum ad valorem; plushes, including hatters' plush, composed of silk, or of which silk is a component material, one dollar per pound and fifteen per centum ad valorem; but in no case shall the foregoing articles pay a less rate of duty than fifty per centum ad valorem.

Substitute proposed for present paragraph 385.

Tussah spun silk in singles or advanced beyond the condition of singles by grouping or twisting two or more single yarns together in skeins, cops, warps, or on beams, not colored, bleached, or dyed, twenty-five cents per pound on all numbers up to and including seventies; tussah spun silk in numbers above seventies, and all other spun silk in all numbers up to and including two hundred and thirties singles, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together in skeins, cops, warps, or on beams, not colored, bleached, or dyed, forty cents per pound and one-tenth cent per number per pound; all spun silk yarns above two hundred and thirties in number in singles, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together in skeins, cops, warps, or on beams, not colored, bleached, or dyed, twenty-five cents per pound and two-tenths cent per number per pound; if colored, bleached, or dyed there shall, on all of the foregoing tussah and other spun silk yarns, in addition to the duties herein provided, be levied, collected, and paid an additional duty of five cents per pound; if dyed and the weight is increased by the dyeing over ten per cent beyond the original weight of the undyed yarn, there shall be levied, collected, and paid a further additional duty of ten cents per pound.

The duty on colored, bleached, or dyed yarns shall be assessed, levied, collected, and paid on the weight of the yarn before bleaching,

dyeing, or weighing, and such original weight shall be stated on the consular invoice.

The numbers herein referred to are the French, or Continental, system of numbers, based on the number of meters of yarn in a kilogram of weight.

Schedules by comparison.

Count.	Proposed duty.	Value.	Present duties.
	40 cents per pound and one-tenth cent per number.		
		Francs.	Cents per pound.
100.....	\$0.50	14	45
110.....	.51	15	50
120.....	.52	16	51
130.....	.53	17	52
140.....	.54	18	64
150.....	.55	19	65
170.....	.57	20	66
180.....	.58	21	67
190.....	.59	22	69
200.....	.60		
210.....	.61		
220.....	.62		
	25 cents per pound and two-tenths cent per number.		
230.....	.71		
240.....	.73		
250.....	.75		
300.....	.85		

TUSSAH YARN.

		s. d.	Cents per pound.
67.....	\$0.25	3 3	32

Referring to the tariff on schappe, spun silk, and tussah spun silk, the following recommendations should receive serious consideration:

The specific duty has, in practically every line, facilitated the work of the appraiser, assisted the prompt delivery of merchandise, and eliminated the problems of the value of materials, to find which the Government spends much money in maintaining a special service of information, and it has finally excluded attempts at undervaluation such as may have been possible under an ad valorem duty.

To the extent to which the specific rate of duty has been operative on the yarns above referred to it has, therefore, proven of great advantage, and a further step forward would, it seems evident, be to rely on the purely specific duty instead of the compound one now prevailing, partly specific and partly ad valorem.

Of course, the tariff maker must take cognizance of existing industries and how they are affected by changes in duties.

The silk spinner in this country confines himself to making purely spun silk, producing no schappe at all. It appears that one of the reasons why schappe is not produced here is because of the insanitary condition and the nauseating smell attached to making the combings

fit for schappe. In so far, therefore, as it is desirable to assist the industry for spinning schappe in this country, it should be made possible and at least easier to import the combings fit for making schappe at the lowest rate of duty consistent with the cost of waste silk combings made in this country. The committee should carefully examine this point so as to make it possible to import combings, if it is desired that the spinning of schappe in this country shall be encouraged and made possible in the future.

Yarns.

The cost of making yarns from waste silk differs between foreign and American spinners, both in singles and two plys, only in the matter of labor. It is acknowledged by the most important spinners in England and in France that the amount of labor used in spinning and the expense involved is, if anything, larger when the yarns are made from a poor grade of material than from a good grade of material. In any event, it is not larger in the latter than it would be in the former instance. The staples in the lower qualities are short and the spinning is harder and all the other processes necessary are more costly. As a reasonable conclusion, a specific duty ample to pay for the difference in labor involved in producing the cheapest quality would, if made the basis for a tariff, be ample for the protection of the American spinner.

If this idea is followed out it will be evident that the natural tendency of the weaver would be toward the importation and use of higher qualities; the industry would accordingly be lifted to a higher level and the consumption of merchandise would be increased, because the consumer got better goods and the tendency toward lower-grade products would be counteracted, and while protecting the American spinner there would yet be an increased revenue to the Government due to the larger general consumption of yarns.

The basis for a purely specific duty should be made dependent upon the fineness of the yarn, insomuch as the variation in count is practically the only difference in the cost of labor and expense in producing spun silk yarns.

Cotton yarns in 100/2 equal in fineness of count spun silk or schappe of 170/2—that is to say, there are an equal number of yards to the pound in these numbers.

Cotton yarns of the fineness of 100/2 pay 33½ cents per pound in duty; the proposed duty for schappe yarns of the same count would be 57 cents, almost double.

The proposed schedules sent herewith permit of assessing duties in a specific manner, absolutely fixed and collectible and approximating the duties now in force.

Tussah spun silk.

None of this is produced in this country, and while it may be possible to establish the industry here under a protective tariff undue weight should not be laid on the production of tussah yarns as against the importance of supplying the weaving industries now consuming and in need of such materials.

The industry of the weaving producer, which is firmly established, can be developed to a considerable degree without jeopardizing any

existing (or rather nonexistent) tussah spinning plants, if a lower rate of duty is proposed on coarse counts (such as only tussah is spun in), a rate substantially three-fourths of that imposed on other spun-silk yarns.

Dyed silk yarns.

It is a good suggestion that all dyed yarns be submitted to a duty based on the weight of the raw—that is, the undyed yarn—and both the raw and the dyed weights should be reported on the invoices.

It appears that the cost of dyeing—that is, the charges of the dyers in this country at the present time equals that of the European dyers; in other words, the dyeing is done as cheap here as it is in Europe. It is a question, therefore, to what extent a duty should be imposed on the dyeing. The only competition that European dyers offer to American dyers is in the superiority of their work, chiefly in blacks, but not in the price. It is a broad question as to how far the weaving industry should be jeopardized by excluding such foreign dyeing, which is only possible by reason of its marked superiority (not involving in any sense the difference in the labor cost).

A duty of 5 cents per pound for dyeing charges of pure dyes and weight up to 10 per cent and of 15 cents per pound for heavier weighting (all charges based on the raw weight of silk) is suggested.

It appears to be the thought of the Tariff Revision Committee that the rates of duty should be so imposed as to give advantage to countries who favor the United States, and on that idea a maximum and minimum tariff is to be made the basis of negotiations by the Government. Therefore, the scale submitted is recommended as a minimum tariff.

If a tariff law is now framed on the lines recommended by those most conversant with the needs of the industries, we all hope it will remain in operation for at least ten years to come or longer, much the same as the tariff now in force has been in existence. It is therefore wise and necessary to seriously contemplate the growing importance of those industries which are dependent on foreign spun silks and schappe, chiefly because they can not be obtained here in America.

If the weaving of silks, using spun yarns, grows at the same rate as it has been growing during the last five years, the amount of schappe and spun yarns consumed in this country will be stupendous and vastly larger than the entire continent of Europe and England will be consuming.

As opposed to this, there is no prospect of the spun-silk industry or schappe industry here in America growing in anything like the proportion necessary to meet the weavers' requirements. Upon the two or three spinners now making yarn from silk waste in this country a sense of the responsibility, therefore, should weigh very heavily to explain why and to what extent the enormous weaving interests dependent upon this material should be handicapped and jeopardized in their growth, so that they, the few yarn spinners, can continue on with the present limited yarn production.

It is therefore fair to contemplate the legitimate claims and contentions for even lower rates than those herein suggested. If a lower duty than that herein proposed is adopted, a reduction corresponding to the lower cost of imported yarn in this market could be made on such imported woven goods as are made in part out of

schappe and spun-silk yarns—such as velvets, plushes, etc.—and could be readily adopted.

SIDNEY BLUMENTHAL & Co. (Inc.), *Shelton, Conn.*,

SIDNEY BLUMENTHAL, *Treasurer.*

THE SALT'S TEXTILE MANUFACTURING Co., *Bridgeport, Conn.*,

F. E. KIP, *President.*

THE AMERICAN VELVET Co., *Stonington, Conn.*,

CHAS. A. WIMPFHEIMER, *Proprietor.*

A. WIMPFHEIMER & BRO.

MR. UNDERWOOD. On this first paragraph, "Silk partially manufactured from cocoons or from waste silk," under that paragraph, what is the amount of goods produced in this country?

MR. BLUMENTHAL. I am not quite positive as to that, but I believe that the census statistics of the United States show that at the last census a production of 570,000 pounds of spun material, at a valuation of about a million and a half, was produced.

MR. UNDERWOOD. There are no importations in this line of goods at all, are there?

MR. BLUMENTHAL. That I am not certain of.

MR. UNDERWOOD. You know of none in your trade, do you?

MR. BLUMENTHAL. I am not directly concerned in the operations, excepting that we produce material similar to those which are made here, and the process of this initial operation, of one part of the manufacture, is one that I have not looked into as deeply as should be required to give you an intelligent answer.

MR. UNDERWOOD. I do not see any report in the government statistics of any importations, and therefore I presume that the present duty is prohibitive. Do you know anything to the contrary?

MR. BLUMENTHAL. I do not know anything to the contrary.

MR. UNDERWOOD. And if it is a prohibitory duty, I presume there would be no objection to our making a reduction in that clause?

MR. BLUMENTHAL. None that I can see, unless it shall cripple existing industries, which might offer serious objections to such a proposition.

MR. UNDERWOOD. Paragraph 385, "Thrown silk, not more advanced than singles"—are you familiar with the industry in that schedule?

MR. BLUMENTHAL. Somewhat.

MR. UNDERWOOD. What is the production of the American article?

MR. BLUMENTHAL. I think I mentioned just now. The paragraph, I believe, that you refer to includes thrown silks and spun silks, does it not? I haven't the paragraph clear in my mind.

MR. UNDERWOOD. "Thrown silk, not more advanced than singles, tram, organzine, sewing silk, twist, floss, and silk threads or yarns of every description, except spun silk, 30 per cent ad valorem."

MR. BLUMENTHAL. There is a vast industry in the thrown-silk division of silk manufacture, and practically the largest proportion of that manufactured is produced in this country.

MR. UNDERWOOD. Do you think that 99 per cent is produced?

MR. BLUMENTHAL. I should not say as to that figure, but not very far from it; somewhere between 95 and 99 per cent.

MR. UNDERWOOD. Most of that silk is made by machine work, is it not; not hand labor?

MR. BLUMENTHAL. Very largely machine work.

MR. UNDERWOOD. Therefore it could stand a reasonable reduction in order to obtain some revenue?

Mr. BLUMENTHAL. I am not sure as to that, not having given it any consideration.

Mr. UNDERWOOD. The next paragraph is 386.

Mr. BLUMENTHAL. The brief is more in regard to the other portions of the paragraph to which you have alluded. You have only referred to thrown silk. There are also other rates of duty to which this paragraph refers. In the matter of materials spun from the waste silk, concening which you asked me before, and the duties operative now in protection of manufacture and for the purpose of giving the Government revenue, they are compound. At one time, and for many years, they were ad valorem. At the present time they are pretty well specific and value duties. We suggest in our brief, so far as possible, a specific duty, a weight duty, be practically adopted for the purpose of having stability and uniformity both in the revenue to the Government and in the protection of the manufacturer using the material.

Mr. UNDERWOOD. You have filed tables for the committee?

Mr. BLUMENTHAL. I did, sir.

Mr. UNDERWOOD. Are you familiar with the velvet schedule?

Mr. BLUMENTHAL. Somewhat.

Mr. UNDERWOOD. What is the amount of production in this country?

Mr. BLUMENTHAL. Production in the velvet industry has increased very, very largely during the past fifteen years; I believe more so during the past five to eight years. None the less, importations have kept pace in growth with the increase of industry, so that there has been no vital advantage apparently, either in the importer's or the manufacturer's favor.

Mr. UNDERWOOD. I notice the importations under this schedule amount to 735,000 pounds at a valuation of \$2,683,000. What percentage would you say that was of the total consumption in America?

Mr. BLUMENTHAL. The farm valuation?

Mr. UNDERWOOD. Yes.

Mr. BLUMENTHAL. That would mean duty paid about \$3,500,000 or \$4,000,000, I should say. I estimate the production in this country at present at from \$6,000,000 to \$7,000,000. So that there is possibly one-third of the total consumption imported.

Mr. UNDERWOOD. That is, one-third imported and two-thirds produced here?

Mr. BLUMENTHAL. I should think so.

Mr. UNDERWOOD. Is the price of the goods fixed by close competition in this line of goods?

Mr. BLUMENTHAL. Very much so.

STATEMENT OF MR. CHARLES A. ERNST, OF LANSDOWNE, PA.

The CHAIRMAN. You wish to be heard upon artificial silk?

Mr. ERNST. Yes.

The CHAIRMAN. Just wait one moment, please. Is there any gentleman who desires to be heard upon the silk schedule? [After a pause.] We will now pass to the artificial-silk schedule.

Mr. UNDERWOOD. What is the paragraph, Mr. Ernst?

Mr. ERNST. Paragraph 385.

The CHAIRMAN. You may proceed, Mr. Ernst.

BRIEF OF THE MANUFACTURERS OF ARTIFICIAL SILK AND ARTIFICIAL HORSEHAIR YARNS OF THE UNITED STATES.

SCHEDULE L.—*Silk and silks.*

We represent the manufacturers of artificial silk and artificial horsehair yarns of the United States.

These goods were not produced at the time of the enactment of the Dingley tariff law of 1897, and therefore were not provided for therein. Although this industry is still in its infancy, there are already produced in Europe more than 10,000,000 pounds annually, of which more than 1,000,000 pounds are imported into the United States each year.

In the United States this industry is just out of the experimental stage, and there was produced last year about 40,000 pounds.

These yarns have been assessed at various rates of duty under the similitude clause, according to the different rulings of the courts. According to the last ruling now in force artificial silk yarn is assessed at 80 per cent ad valorem and artificial horsehair yarn is assessed at 20 per cent ad valorem.

We strongly recommend that a duty on all these yarns be made a specific duty at the rate of 60 cents per pound, which is just about sufficient to compensate the American manufacturer for the difference between the cost of labor in Europe and in this country.

As the European price of these yarns does not fluctuate much, the minimum being about 13 marks per kilo and the maximum being about 17 marks per kilo, or an average of 15 marks per kilo, which is equivalent to \$1.62 per pound. This duty of 60 cents per pound which we request would therefore be equivalent to about 37 per cent ad valorem and is the very lowest duty at which this industry could successfully compete with the European manufacturers.

To enable the consumers of these yarns in this country, who are principally manufacturers of braids and trimmings, to compete with the European manufacturers of braids and trimmings, we recommend that a compensatory duty of 60 cents per pound be assessed upon artificial silk braids and trimmings (to compensate for the same duty on the yarn) in addition to the protective duty of 60 per cent ad valorem.

We add hereto a new paragraph, which we recommend to be inserted in Schedule L, covering artificial silk and artificial horsehair yarns:

"Artificial silk, wood silk, artificial horsehair, or any kind of artificial fiber, filament, thread, or yarn, in whatever way manufactured from a solution of either animal, vegetable, or inorganic material, shall pay a duty of 60 cents per pound, if colored, bleached, dyed, spooled, or advanced beyond the condition of singles by grubing or twisting two or more single yarns together, the duty levied shall be 60 cents per pound and 5 cents per pound additional for each of the above operations.

Respectfully submitted.

C. A. ERNST,
Genasco Silk Works, Lansdowne, Pa.
HENRY BEERNSTEIN,
Art Fiber Co., Norristown, Pa.

Mr. UNDERWOOD. What is the present duty that you are paying under this similitude clause?

Mr. ERNST. The present duty is 30 per cent ad valorem.

Mr. UNDERWOOD. What would a 60 cent a pound duty amount to ad valorem?

Mr. ERNST. About 37 per cent.

Mr. UNDERWOOD. In other words, you want an increase of duty of 7 per cent?

Mr. ERNST. Exactly.

Mr. UNDERWOOD. What is the consumption of this class of goods in this country to-day?

Mr. ERNST. They are importing at this time about 1,300,000 pounds of silk and about 400,000 pounds of horsehair yarn.

Mr. UNDERWOOD. What is the production of the American manufacturers in silk?

Mr. ERNST. Last year about 40,000 pounds.

Mr. UNDERWOOD. And of horsehair yarn, how much?

Mr. ERNST. Last year it was trifling. The year before that about ten.

Mr. UNDERWOOD. So that at present the foreign article has control of the American market?

Mr. ERNST. Exactly.

Mr. UNDERWOOD. And the present duty is not sufficiently equalized?

Mr. ERNST. We have not been able to put the American manufacture on a basis which was sufficiently attractive for anyone to invest any more capital into it.

Mr. UNDERWOOD. Are these goods machine made or handmade?

Mr. ERNST. Largely labor; a large portion of the cost is labor cost.

Mr. UNDERWOOD. Where does the imported article come from?

Mr. ERNST. The principal factories are in Mezilles, France; Tobes, Belgium; and Elberfeld, in Germany, a little town near Frankfort. There is also one in England near Coventry.

Mr. UNDERWOOD. What is the difference in labor cost between this country and the other countries?

Mr. ERNST. About 60 cents a pound.

Mr. UNDERWOOD. Have you any advantage in the raw material over the foreign producer?

Mr. ERNST. No, sir. We are at a little disadvantage in chemicals, but that is about compensated for by the freight charges and other incidental charges of importation.

Mr. HILL. Do the factories that are making artificial silk in the United States use a chemical process or alcohol?

Mr. ERNST. A chemical process. Alcohol is not used in any process in the United States.

Mr. HILL. Where is your factory?

Mr. ERNST. At Lansdowne, near Philadelphia; a suburb of Philadelphia.

Mr. HILL. The process in Europe has not been adopted?

Mr. ERNST. There are two processes over there, one consuming alcohol and the other not.

Mr. HILL. You do not use alcohol?

Mr. ERNST. We do not use it; no.

Mr. GAINES. Has not the denaturing of alcohol made it cheap enough to be used in that process?

Mr. ERNST. It was supposed to before the law was passed, but it was afterwards found that the labor cost was too high to enable it to be established here on that basis.

**STATEMENT OF MR. A. S. WARTZFELDER, OF 682 BROADWAY,
NEW YORK CITY.**

Mr. UNDERWOOD. What paragraph do you wish to speak upon?

Mr. WARTZFELDER. A paragraph that is not provided for in the present tariff, silk braided yarns. I have some samples here of the goods. [Exhibiting samples to the chairman.] They are made of artificial silk.

BRIEF OF THE BRAID MANUFACTURERS OF THE UNITED STATES.

SCHEDULE L.—*Silks and silk goods (par. 389).*

We represent the braid manufacturers of the United States. We manufacture braids and trimmings, made of various materials, which are treated in the tariff in various schedules and in relation to which we have already filed several briefs.

Since the enactment of the present Dingley tariff law of 1897, new materials known as artificial silk and artificial horsehair have been invented which were not known at that time and which have since become the materials most largely used in the manufacture of braids and trimmings. These yarns are manufactured from solutions of cellulose, etc. The braids and trimmings made from these yarns show a brilliancy and firmness not obtainable from any other material and have therefore to a large extent supplanted the use of real silk in the manufacture of braids and trimmings.

These yarns and the braids and trimmings made therefrom were not known at the time of the enactment of the Dingley tariff law and were consequently not provided for therein.

They have been assessed at various rates of duty according to different rulings of the courts, under the similitude clause in the tariff act. According to the last ruling, now in force, artificial silk yarn is assessed at 30 per cent ad valorem and artificial horsehair yarn is assessed at 20 per cent ad valorem. Artificial silk braids and trimmings are assessed at 60 per cent ad valorem.

This therefore gives the domestic manufacturer of artificial silk braids and trimmings a differential duty of only 30 per cent ad valorem above the duty assessed on yarns used in these braids and trimmings. On real silk braids and trimmings, as well as on worsted braids, we have a differential protective duty of 60 per cent ad valorem above the duty on the raw material, which is the very lowest rate of duty at which we are enabled to compete with foreign manufacturers. This is evidenced by the fact that even on those braids and trimmings on which a 60 per cent differential duty is assessed there have been large importations.

It can therefore be readily seen that with only 30 per cent differential duty on artificial silk braids and trimmings, the domestic braid manufacturer is absolutely in no position to compete with the European braid manufacturer, except when braids and trimmings are

in such demand that a prompter delivery can be made than by placing orders abroad.

The record of imports bears out these facts, showing that since artificial silk braids and trimmings have been manufactured the importation of braids and trimmings has enormously increased. We therefore recommend the insertion of, in Schedule L, a new paragraph covering artificial silks and artificial horsehair yarns, and assessing thereon a specific duty which will cover the difference between the cost of labor here and abroad in the manufacture of these yarns.

On braids, trimmings, etc., made from these yarns, we recommend a compensatory duty equivalent to the duty assessed on the yarn, and in addition thereto 60 per cent ad valorem.

This would give us the same protection on these braids and trimmings which we have at present on braids and trimmings made of other yarns, and would be the lowest duty which would enable us to compete with the foreign manufacturers, as shown by figures submitted in our other briefs.

We annex hereto two paragraphs as above referred to, recommending that same be added to Schedule L.

Artificial silk, wood silk, artificial horsehair, or any kind of artificial fiber, filament, thread, or yarn, in whatever way manufactured from a solution of either animal, vegetable, or inorganic material, shall pay a duty of 60 cents per pound.

Laces, and articles made wholly or in part of lace, edgings, insertings, galloons, chiffon, or other flouncings, net or nettings, and veilings, neck ruffings, ruchings, braids, fringes, trimmings, bandings, including hat bands, beltings, bindings, cords, tassels, cords and tassels, ribbons, webs and webbings, embroideries and articles embroidered by hand or machinery, or tamboured or appliquéed, clothing ready-made, and articles of wearing apparel of every description, including knit goods, made up or manufactured in whole or in part by the tailor, seamstress, or manufacturer; all of the above-named articles, made wholly or in chief value of artificial silk, wood silk, artificial horsehair, or any kind of artificial fiber, filament, thread, or yarn, in whatever way manufactured from a solution of either animal, vegetable, or inorganic material, shall be subject to a duty of 60 cents per pound and in addition thereto 60 per cent ad valorem.

Respectfully submitted.

HENRY W. SCHLOSS, *President.*

Duties on artificial silk.

Under the tariff of 1897 the duties prescribed were:

Section 1, paragraph 385. Silk threads or yarns of every description, except spun silk, 30 per cent ad valorem.

Paragraph 390. Braids, fringes, trimmings, embroideries, etc., made of silk, or of which silk is the component or chief material, 60 per cent ad valorem.

Paragraph 302. Cotton yarn not advanced beyond the condition of singles, 3 cents per pound up to No. 15, etc., and if advanced beyond the condition of singles by grouping or twisting two or more single yarns together, on all braids exceeding No. 20 and up to No. 80, one-

fourth of 1 cent per number per pound, and on No. 80 and above, three-tenths of 1 cent per number per pound.

SEC. 6. On all raw or unmanufactured articles not enumerated, 10 per cent ad valorem, and on all manufactured articles not enumerated, 20 per cent ad valorem.

SEC. 7. Articles not enumerated but similar in material, quality, texture, or use to the enumerated article shall pay the same rate of duty on the enumerated article which it most resembles, and if it equally resembles two or more enumerated articles then the rate of duty on the highest.

Under these acts the Board of General Appraisers (by T. D. 24155) assessed a duty of 30 per cent ad valorem, under paragraph 385, section 1, act July 24, 1897 (U. S. Comp. St. 1901, p. 1668), on so-called "artificial silk yarns," under the similitude clause, as being most like silk yarn.

The importers claim that same were most like and therefore dutiable as cotton yarns or else as articles not enumerated.

United States circuit court of New York, in Von Burnuth appeal, sustained the opinion of the Board of General Appraisers (133 Fed., 800), December, 1904, but in Von Burnuth's appeal^a the circuit court of appeals decided that the yarn was more like cotton than like silk, and should be classified under paragraph 302 as cotton yarn.

Under this ruling the appraisers appraised the artificial silk yarn as cotton yarn advanced beyond the condition of singles at one-fourth of 1 cent per number per pound.

This largely increased the duty, and the importers protested, and the final result was that the protests were abandoned and the assessments made by the collector under the previous decisions of the Board of General Appraisers at 30 per cent ad valorem were adjudged to stand as assessed.

I have the paragraph here which we propose, if you wish me to read that, or I would be pleased to answer any questions which any of you gentlemen may wish to ask.

MR. HILL. Does it cost us any more to weave the fabric from the artificial silk than the natural silk?

MR. WARTZFELDER. Approximately the same.

MR. HILL. What you are asking for is substantially an ad valorem duty?

MR. WARTZFELDER. The same that is on the real silk grades.

THE CHAIRMAN. How do they classify this silk in the tariff act?

MR. WARTZFELDER. Under the last ruling of the court it has been assessed under the similitude clause the same as silk yarns, and the braids have been classified under that clause the same as silk braids.

THE CHAIRMAN. That is still in litigation, is it not?

MR. WARTZFELDER. Yes, sir.

THE CHAIRMAN. Although the Government has collected duty the same as upon the others?

MR. WARTZFELDER. Yes, sir.

MR. HILL. Are all of the samples that you have submitted here made of artificial silk yarn?

MR. UNDERWOOD. And what is it made of?

^a Treasury Decisions, vol. 11, No. 23, June 7, 1906.

Mr. WARTZFELDER. It is made of a solution of cellulose, using therefor either raw cotton or wood fiber, or any other material of which the principal material is cellulose. It is treated chemically, and drawn through small tubes to make the filament of fiber, which is afterwards spun or twisted into yarn.

Mr. HILL. Will it go to pieces when wet?

Mr. WARTZFELDER. Not to the same extent as it originally did. They have improved it very much in that respect. It will stand a certain amount of moisture without being injured.

Mr. GAINES. Does it burn very easily?

Mr. WARTZFELDER. Not at all. The first product did, but it has been denatured, so it is not more combustible than any other real silk fiber.

Mr. GAINES. A great deal of it is made from scrap silk, isn't it, silk cloth?

Mr. WARTZFELDER. Not at all. They have to take a vegetable fiber, not an animal fiber like real silk.

Mr. HILL. Would you think it was right or wrong to require the manufacturer of silk fiber, made partially of artificial silk and the rest natural, to specify the same on the label; that is, to specify that the artificial silk was contained in the product?

Mr. WARTZFELDER. I do not see what the advantage would be.

Mr. HILL. I mean of advantage to the buyer, not the manufacturer. The CHAIRMAN. What is the effect of water on artificial silk?

Mr. WARTZFELDER. It makes it very brittle, easily broken.

Mr. HILL. It is a very serious question whether a lady's dress hung up in a closet in a damp climate, containing artificial silk, will not cause that article to disappear in the fabric?

Mr. WARTZFELDER. It would be less durable than if it was made entirely of real silk; there is no question about that.

Mr. HILL. The question is whether there should not be a distinction required, so that the buyer would know what he was buying.

Mr. WARTZFELDER. Well, it would not be objectionable to have that distinguished. So far artificial silk has been used very little for weaving fabric such as dresses. Principally it is used for making braids and dress trimmings and other articles in which durability is not an essential quality.

Mr. RANDELL. This is a new industry, is it not?

Mr. WARTZFELDER. So far as it relates to artificial silk it is an essentially new industry.

Mr. RANDELL. It is an infant industry throughout the world, is it not, and it is an industry which promises to give large uses for cotton.

Mr. WARTZFELDER. Yes, sir; millions of pounds of cotton have already been used in manufacturing this silk yarn into fabric.

Mr. RANDELL. Do you not think that if the supply could be furnished to the people now that the consumption of these goods would be very great?

Mr. WARTZFELDER. These goods which we make?

Mr. RANDELL. Yes; that there would be a rapid increase in the amount used.

Mr. WARTZFELDER. Well, they are essentially luxuries, and therefore the protective duty which is put on them would not to any appreciable extent diminish the consumption.

Mr. RANDELL. What do you mean by "luxury?"

Mr. WARTZFELDER. Used for purposes of ornamentation.

Mr. RANDELL. Not goods for ordinary common use for common people?

Mr. WARTZFELDER. They are used principally for trimming high-priced garments.

Mr. RANDELL. The product is made much cheaper than silk, is it not?

Mr. WARTZFELDER. No, sir; the price per pound is always the price per pound of silk, but the specific gravity of the material is very much heavier than a specific gravity of silk, which difference in weight almost compensates for the difference in price.

Mr. RANDELL. This will not give any cheaper silk, or anything that resembles silk, but it gives a different article that will cost about as much as silk?

Mr. WARTZFELDER. The present price is about the same as silk, but the artificial silk possesses more brilliancy and firmness than real silk.

Mr. RANDELL. I am not asking about that. This does not offer a cheap commodity to the world, but a different commodity, that has its own advantages?

Mr. WARTZFELDER. You are correct about that.

Mr. GRIGGS. What does this cost per yard?

Mr. WARTZFELDER. That which you hold in your hand would cost about 25 cents a yard.

Mr. GRIGGS. What would the same in silk cost?

Mr. WARTZFELDER. Silk of about the same width and weight would be about the same price, approximately.

The CHAIRMAN. It makes a market for cotton, does it not?

Mr. WARTZFELDER. It certainly does, a very large market for cotton.

Mr. RANDELL. I thought you said that it was a luxury.

The CHAIRMAN. When the ladies learn about it, it is easy to test it and see whether it is artificial or real silk by the application of water to the sample.

Mr. WARTZFELDER. Yes; they could do that.

Mr. GRIGGS. Then would you advise ladies to carry a bottle of water around with them when they go shopping?

Mr. RANDELL. Do you mean to say that this silk will wash out of the dress?

Mr. WARTZFELDER. Not nearly as badly as that. After it was very damp it would weaken it and possess much less durability than braid or trimming made of real silk.

Mr. CLARK. If this silk sells as high as real silk, and if it is liable to go to pieces, what will anybody buy it for?

Mr. WARTZFELDER. It is used principally for braids and trimmings, which do not have to stand much wear, but is rather an ornamentation. It is used very little for weaving into fabrics which require great durability.

Mr. CLARK. Will it last as long in a dry place as real silk?

Mr. WARTZFELDER. Yes; it will. It is not higher priced than real silk. It is also very much more sightly on account of the added brilliancy and firmness. We have already succeeded in selling quite a quantity in place of the real silk. It is preferred on account of the better appearance that it makes.

The CHAIRMAN. Mr. A. B. McNairy. [No response.] Mr. Charles C. Bolton. [No response.] Mr. Henry Hertel. [No response.]

This closes the hearing on artificial silk, and we will now take up the subject of cotton.

STATEMENT OF HON. FRANK CLARK, A REPRESENTATIVE IN CONGRESS FROM THE SECOND CONGRESSIONAL DISTRICT OF THE STATE OF FLORIDA.

Mr. CLARK. Mr. Chairman and gentlemen of the Ways and Means Committee, I am here as the representative of the people of the Second Congressional District of Florida, in the House of Representatives of the Congress of the United States, together with certain of my constituents, who are growers of sea-island cotton in Florida, and who are duly accredited representatives of the sea-island cotton growers of that State, for the purpose of asking your honorable body to incorporate in the bill revising the present tariff schedules, which you will soon frame, a provision placing a duty on all Egyptian, West Indian, and other "long-staple" cotton imported into the United States, from any foreign country whatsoever.

Lest my position and that of our people should be misunderstood, I beg the kind indulgence of the committee, while I briefly state what my understanding of the views entertained by the people of Florida, irrespective of political parties, are. I desire to assure the committee at the outset, that I believe I fully appreciate the proprieties of the occasion, and, therefore, shall not attempt to afflict the committee with a speech on the tariff, but shall content myself with a statement of our position, and follow that with facts and figures which I trust and believe will amply justify the asking which we shall make of this committee.

First, I submit, Mr. Chairman, without in anywise discussing or even infringing on the relative virtues of a "protective tariff" and a "tariff for revenue," that the recent election and other elections preceding it have, in my opinion, forever established as a part of our system of government the indirect scheme of taxation, viz. the levy and collection of customs duties on articles imported into this country from foreign lands. This being true, I am firmly of the opinion that this matter ought to be removed from the domain of partisan politics and hereafter treated as a business proposition, and a commission or other proper tribunal created to deal with it.

Second, I construe the verdict of the American electorate in the recent national contest to mean that the majority desired the dominant political party to "revise the tariff," and I recognize that the responsibility for results is with the majority.

Third, believing that as long as the policy of levying and collecting customs duties on imports is to be maintained by the United States, the people who are forced to bear the burdens of this system of taxation should be allowed to reap some of the benefits which flow from it, myself and my associates are here to ask and to urge that this committee, in its work of revision, will place a reasonably fair and proper duty on all Egyptian, West Indian, and other such long-staple cotton as is imported into this country from Egypt, West Indies, and other foreign lands, and which are competitors in the markets of the

United States with the sea-island cotton grown in the States of South Carolina, Georgia, and Florida.

As evidencing that I am truly voicing the sentiments and desires of the people of Florida on this subject, I desire to read certified copies of two memorials to the Congress of the United States, passed by two different legislatures of the State of Florida, in the years, respectively, A. D. 1899 and A. D. 1905. I may add that both of these legislatures were practically solid Democratic bodies.

The memorials are as follows:

MEMORIAL No. 1.

Memorial to our Senators and Representatives in Congress*in reference to a duty on Egyptian, or long-staple cotton, or the importation thereof.

Whereas the present price of long-staple or sea-island cotton is now far below the cost of production, causing a large area of our State to languish and a once profitable industry to wane and die; and

Whereas the low price referred to is not due to overproduction, as is demonstrated by the fact that for a crop of 104,557 bales in 1896 and in 1897 the average price for the grade of "fine" was 11 cents, while the last crop, 75,000 bales only, or 25 per cent less than the year previous, and the average price for the grade of "fine" was 2 cents less, or 9 cents per pound; and

Whereas the indisputable cause for our low prices, financial depression, and agricultural discontent is found in the annually increasing importation of Egyptian cotton, the product of pauper labor; and

Whereas the Democratic party and people have not deemed it derogatory to their principles and interests to have a duty placed on wool, pineapples, citrus fruits, and tobacco; and

Whereas the placing of said duty on the above-mentioned article has proven a direct benefit to our people and with which protection they would not part without a struggle; and

Whereas there are but two ways whereby the money necessary to maintain the National Government can be raised, and since the funds derived from internal revenue are insufficient even when made onerous and burdensome, as they now are; and

Whereas we are forced from the nature of things to depend on a tax laid upon goods and products imported into this country from foreign countries to raise funds to assist in the support of the Government: Therefore, be it

Resolved, That it is the sense of this legislature that a tariff should be laid for revenue only and arranged so that if it shall prove a burthen all may equally bear it, if a benefit it may be equally shared.

Resolved further, That we are unalterably opposed to the free importation of Egyptian or other long staple cotton.

Resolved, That we favor an import duty of 50 per cent ad valorem and 5 cents per pound on all long staple cotton imported into the United States, and that a copy of these resolutions be furnished each of our Senators and Representatives at Washington.

MEMORIAL No. 2.

Memorial to the Congress of the United States, asking that a duty of at least 10 cents per pound be levied on all importations of Egyptian and other long staple cotton brought into the United States as raw material.

Whereas the present price of long staple or sea-island cotton is below the standard of profitable production and has so been for some years past, causing a large area of our State to be uncultivated and our farming interests to languish; and

Whereas the policy of protection to American interests, if to be continued, should embrace within its fostering care the tillers of the soil who are now and must ever be the mainstay of our republican form of government; and

Whereas the long staple or sea-island cotton grown in this country is used exclusively in the manufacture of the finer fabrics, such as laces, etc., and a

duty upon the Egyptian cotton and other foreign long staple cottons would therefore be no burden upon the poor, but would only affect those well able to bear it, and at the same time would greatly encourage a large portion of our farming population; and

Whereas we believe that the levy of such a duty would materially aid in building up our factories engaged in the manufacture of the finer cotton fabrics, while at the same time protecting our farmers from the pauper labor of Egypt: Therefore be it

Resolved, That it is the sense of this legislature that a duty of 10 cents per pound on all Egyptian and other long-staple cottons imported into the United States should be levied by Congress.

Resolved further, That our Senators and Representatives in Congress are hereby earnestly requested to use all honorable means to accomplish this end.

Be it further resolved, That the secretary of state is hereby requested to furnish each of our Senators and Representatives in Congress with a certified copy of this memorial.

STATE OF FLORIDA, *Office of the Secretary of State, ss:*

I, H. Clay Crawford, secretary of state of the State of Florida, do hereby certify that the foregoing are true and correct copies of memorials to the Congress of the United States as passed by the legislature of Florida, session 1899 and 1905, respectively, as shown by the original enrolled resolutions as filed in this office.

Given under my hand and the great seal of the State of Florida, at Tallahassee, the capital, this the 11th day of November, A. D. 1905.

[SEAL.]

(Signed)

H. CLAY CRAWFORD,
Secretary of State.

Mr. CLARK (continuing). On the 25th day of November, 1908, in response to a call therefor, a convention of delegates representing the sea-island cotton growers of Georgia and Florida met in the city of Lake City, in the State of Florida, to consider this matter. I am told that fully 200 sea-island cotton growers from the two States were present, and the result was the appointment of a committee to appear here to present their cause to this committee. These gentlemen so appointed are now here.

In addition to sending representatives here, the convention adopted certain resolutions, which are as follows:

In convention of the sea island cotton growers of Georgia and Florida held at Lake City, Fla., this the 25th day of November, 1908, the growers of cotton finding, after years of experience, that Egyptian cotton without a tariff on it on account of the cheap labor of 8 or 10 cents per day required to produce said Egyptian cotton, is injuring the interest of the sea island cotton growers by placing the value or selling price of his cotton below the cost of production, which at present is from 22½ to 24 per pound, and thereby jeopardizing the industry and output of the yield of sea-island cotton necessary for the world's consumption and needs: Therefore be it

Resolved, That a committee of four from Georgia and four from Florida be elected to meet the Ways and Means Committee at Washington, December 1, and ask that a tariff of 10 cents per pound be placed on Egyptian cottons.

Resolved further, That it is the sense of this convention that we want our American industries protected and that we want the producer to share equally in such protection with the manufacturer.

Resolved further, That Hon. Harvie Jordan, president of the Sea Island Cotton Association, and Hon. C. S. Barrett and Hon. R. F. Duckworth, of the Farmers' Educational and Cooperative Union, be requested to cooperate with any committee selected by this meeting.

Mr. CLARK (continuing). With the permission of the committee I will now read an article appearing in the Florida Times-Union on November 25, 1908, over the signature of Maj. Alex St. Clair Abrams, one of the ablest lawyers and one of the most brilliant men in all

the South, and who has had a great deal of experience with relation to cotton. It is as follows:

THE COTTON QUESTION.

JACKSONVILLE, FLA., November 23.

EDITOR TIMES-UNION: In view of the early meeting of the cotton growers of Florida, at Lake City, I trust they will appoint a committee to proceed to Washington and appear before the committee charged with the work of preparing a revision of our tariff laws, and insist upon a tariff being levied on all cotton imported into the United States.

As is well known, I have always been a Democrat of the school of the late Samuel J. Randall, of Pennsylvania. I believe in protecting American products and industries, and while it may be true, and doubtless is, that some of the schedules in the Dingley bill are unreasonably high, nevertheless it seems clear to me that the principle of protection has enormously added to the development and prosperity of the country.

When the Dingley bill was before the Congress, I went to Washington for the purpose of aiding, however feebly, in the work of obtaining protection for Florida fruits, vegetables, and cotton. Unfortunately, the Democratic policy was hostile to protection, and but little could be accomplished. The tariff put upon vegetables, oranges, and pineapples was wretchedly inadequate, and still is, while the idea of putting a tariff on cotton was generally ridiculed. As a result we have been importing, on the free list every year, from \$12,000,000 to \$15,000,000 worth of Egyptian long cotton, while more than half the time, by reason of this competition, the Florida, Georgia, and South Carolina growers have not been able to raise it profitably. While this cotton has been admitted free of duty, thread and fabrics made from long cotton have been heavily protected and the manufacturers have reaped large harvests, while the growers have either made bare livings or suffered loss.

Aside from any question of principle, it is clear that with a deficit of over \$50,000,000 there can not be much reduction in the existing tariff, and now that the bill is being revised, our representatives in both houses should insist on a tariff on cotton of at least 5 cents per pound and 50 per cent ad valorem.

I know of my own knowledge that for years in Alachua, Baker, Columbia, Bradford, and other counties in which long cotton is raised the majority of the growers were always heavily in debt and their property mortgaged to merchants and factors.

I have given the matter much thought and feel sure that if when the Dingley bill was passed a tariff had been imposed on cotton, as suggested by me, that it would by this time have added 100,000 souls to the population of Florida and increased output at least \$5,000,000 or \$6,000,000 per annum, besides affording a reasonable profit to the growers.

From a remark made by the committee to Mr. Chase, representing the fruit growers, I see that the South is being met with the same rebuke I met with from Mr. Dingley, whom I saw personally in my effort to get a tariff on cotton. He asked me if the tariff was put on cotton would the Florida Representatives vote for his bill. I told him that I could not answer for that, but that probably they would not. He replied to me as follows: "Mr. Abrams, it would make no difference to me whether a Member of Congress was a Democrat or a Republican if he favored the protection of American industries and production, but when you gentlemen come to us and ask us to put a tariff on your productions, and at the same time send Representatives to both Houses to oppose protection and to vote against protective measures, your people can not find fault if we take you at your word and decline to give you the protection which you secretly ask and publicly oppose." I have given his language as near as I can recall it after so many years, but I do not hesitate to say that there was much force in what he said.

The western and eastern sheep owners are amply protected from foreign wool by the tariff placed thereon. I can see no reason why the southern growers of cotton who have to produce a staple at much greater cost and labor than the growing of wool on sheep's back should not also be given protection; and rather than not have it, I think every Representative in both Houses from Georgia, South Carolina, and Florida should vote for the revised tariff bill, no matter if some of the schedules are, in their opinion, unreasonably high, provided we obtain adequate protection for our industries and productions.

American producers, whether black or white, can not compete with Egyptian growers who pay 6 or 8 cents per day for labor and whose lands in the valley of the Nile are annually fertilized by nature by the annual overflow of the valley by the river. So, likewise, we can not compete with the West India pineapple and citrus growers for the same reason.

I therefore trust that a vigorous and successful effort will be made to get the committee to impose a tariff on cotton. And just here I want to remind those interested in obtaining it that the tariff should be imposed on cotton in general, so as to avoid all technical questions that may arise to what is or is not long cotton. The Egyptian cotton is not as long as our sea island cotton, and unless the tariff is placed on cotton without designating it long or short there will be danger of contests by the manufacturers who are anxious to import the staple free of duty, while they are amply protected in the articles they manufacture, and as a result of such protection keep the price of their productions just as high as it had ever been.

If we can obtain this tariff, I feel confident that within ten years the increased production of cotton in Florida will add 150,000 souls to our population and increase the value of our lands in the counties producing the staple from \$25,000,000 to \$50,000,000.

The committee in Washington will take up the cotton question on the 1st of December, and it seems to me that the board of trade, as well as the Lake City convention, should take immediate measures so that Florida may be well and thoroughly represented before it.

ALEX. ST. CLAIR-ABRAMS.

Mr. CLARK (continuing). In addition, along this line, I beg permission to say, Mr. Chairman, that when I came here to Congress for the first time I came here through a long-drawn-out primary election contest, in which there were four other candidates, and in that contest from every stump I openly and publicly promised the people that, if chosen, I would use every legitimate and proper effort to secure the duty on cotton for which I am now before you contending. My election, then, by quite a large majority and in my return twice since then without opposition clearly establishes, in my opinion, the wishes of my constituents on this subject.

During the present year, in a hotly contested primary election for United States Senator from Florida, the Hon. Duncan U. Fletcher was chosen by a large majority, and Mr. Fletcher announced himself on this subject as favoring exactly what I stood for four years ago.

Having, I feel, established that the people of Florida desire the asking here made, I now invite your attention to existing conditions, upon which we base our insistence.

When I mention "sea island" cotton I refer to that cotton which is of very fine texture, of quite lengthy staple, and, so far as I am advised, is only grown in this country in portions of South Carolina, Georgia, and Florida. I am aware of the fact that in certain parts of Mississippi, Louisiana, Arkansas, and Texas they grow a cotton of longer staple than the ordinary "short" cotton which is common to practically all of our southern territory, and that this cotton is ordinarily referred to as "long staple" cotton, but it is not the sea island cotton of South Carolina, Georgia, and Florida.

The best quality of our sea island cotton is grown on the islands near Charleston, S. C., and the staple of this cotton is from about $1\frac{1}{2}$ to $2\frac{1}{2}$ inches in length.

I believe it is generally conceded that our Florida sea island cotton ranks second in texture and the staple runs from $1\frac{3}{4}$ to 2 inches in length. The Georgia sea island cotton comes third, there really, being, however, as I am informed, no very great difference in texture or length of staple between sea island cotton grown in the three

States, under similar conditions, as to the selection of seed, planting, cultivation, and harvesting.

This sea island cotton of the three States mentioned, and in the interest of which we are asking a duty on imported long-staple cottons, is used principally in the manufacture of laces, thread, mercerized silks, plushes, velvets, velveteens, curtains, table covers, and other goods of the finest character. Not 10 per cent of our sea island cotton or imported Egyptian cotton is made into thread.

The total quantity of cotton such as we contend is a competitor of our sea island cotton on the markets of the United States consumed in this country for the year ending August 31, 1908, was as follows: Ninety-two thousand eight hundred and fifteen bales of Egyptian cotton, 12,061 bales of Peruvian cotton, 6,405 bales from British West Indies.

I have ascertained from Census Bulletin 97, released for use on November 9 of the present year, that the net quantity of cotton imported into the United States during the year ending August 31, 1908, was 140,870 bales of 500 pounds each, and that of this amount 122,170 bales, or 85 per cent of the entire importation, was of Egyptian growth.

I am informed by Director of the Census North that the total importation of what is known under the generic term of long staple cotton into the United States for the present year amounts to 71,072,855 pounds, of the value of \$14,472,241. Of this amount there came into this country from Egypt 58,356,306 pounds of long staple Egyptian cotton of the value of \$12,287,460. This cotton came into the United States free from duty, and competed with the sea island cotton of South Carolina, Georgia, and Florida in the markets of the United States.

The quality of Egyptian cotton, known in that country as the Joannovich variety, is constantly improving in quality, owing to the improved methods of seed selection, as well as more modern methods of planting, cultivating, and harvesting. This variety of Egyptian cotton is the particular cotton which is the most dangerous competitor of our sea island cotton which has yet come into the American market.

In this connection the committee should consider that within less than three years after the proposed tariff revision bill goes into operation the area for the growth of cotton in Egypt will be vastly extended. This will be due to the completion of the work of raising the Assouan dam in the Nile to Upper Egypt. It is proposed to raise this dam 23 feet, and will require an expenditure of \$7,500,000.

Concerning this proposed improvement, which is to be made solely for the benefit of cotton culture in that country, I desire to call the attention of the committee to some statements appearing in the Egyptian Gazette, which item I have taken from the "Daily Consular and Trade Reports" of the Department of Commerce and Labor, No. 2908, dated June 29, 1907, as follows:

The result of the work will have an important bearing on the cotton crop. The area under cotton in 1906 is given as 1,506,290 acres. Taking the present cotton crop at 6,750,000 kantars (a kantar equals 100 pounds), the average yield per acre works out to 4½ kantars. The area under cotton in Lower Egypt alone is 1,260,107 acres, this representing about 40 per cent of the total cultivated area in that division of the country. The whole of this area being perennial irrigation is cotton bearing. These figures indicate, therefore, that on an

average cotton is grown on the same land two years out of five. The area under cotton in Upper Egypt is given as 246,183 acres. This represents only a small proportion of the cultivated area, less than half the latter being under perennial irrigation. Moreover, the climatic conditions south of Assiout are unfavorable for growing cotton. In order to ascertain to what extent the cotton-bearing area is susceptible of expansion, we assume that the whole of the basin lands in the northern half of Upper Egypt will be brought under perennial irrigation, and that the uncultivated portions in both Upper and Lower Egypt will ultimately be reclaimed. The cotton-bearing area will then extend over some 5,600,000 acres (being the total of 6,387,100 acres given above, less about 800,000 acres south of Assiout). On the basis of 40 per cent acreage per annum and a yield of $4\frac{1}{2}$ kantars per acre, this area might produce an annual cotton crop of about 10,000,000 kantars. It is to be observed that a considerable portion of the land at present under cultivation is being improved, which will, without doubt, contribute to raise the average yield per acre. On the other side must be set the consideration that last year's crop was so favored by a good Nile and satisfactory climatic conditions as to raise the average yield above the level of recent years. Of the total of 10,000,000 kantars, no more than 7,000,000 kantars would consist of the Mitaifi, Abassi, and Yoannovitch varieties, for which the delta is famous, the remaining 3,000,000 kantars representing the lower-grade cotton produced in Upper Egypt. Lord Cromer, in discussing these figures, remarks in his report for 1906:

It will, of course, be understood that this crop of 10,000,000 kantars can not be produced until both the supply of water has been largely increased, either by raising the Assouan dam or by some other means, and until reclamation works on a large scale have been executed in Lower Egypt. Sir William Garstin, probably the highest authority on the subject, says: "I do not think that 10,000,000 kantars as an eventual yield for the Egyptian cotton crop is at all an impossible figure, but it will take many years to arrive at—probably ten or fifteen."

The Egyptian cotton crop might conceivably receive a still greater extension in course of time from two further sources, namely, the reclamation of the lakes in Lower Egypt and the development of the oases (reclamation of Lower Egypt is the Khedive's especial project). The former, if ever carried out, would add some 800,000 acres to the cultivated area and a further 1,500,000 kantars to the cotton crop. The latter is at present too problematical to permit of any estimate being made of the possible results.

It will be observed that it is the intention to complete the dam mentioned and bring this vast additional territory into cultivation for cotton about the year 1912. As it is hardly possible that another revision of the tariff will take place for ten, fifteen, or possibly twenty years, it will at once be seen what the completion of the dam will mean for the cotton growers of sea island cotton in this country unless they are given the benefit of a duty upon their competitors from abroad. The fact is, that no sea island cotton can be raised in this country.

The South Carolina, Georgia, and Florida sea-island cotton growers can not begin to compete with the long staple cotton growers of Egypt and other foreign countries. In the first place, the lands in Egypt produce, with fertilization, about 450 to 500 pounds of lint cotton per acre, whereas our sea-island cotton-growing lands in the State of Florida will not produce one-third so much with fertilization.

In the second place, it is utterly impossible to employ labor on a farm in the State of Florida for less than \$25 to \$30 per month for men and at least \$15 per month for women. This is the lowest possible figure, and farm labor is exceedingly scarce at those prices. This condition exists because of the fact that the turpentine farms, phosphate plants, lumber camps, and other like places where labor is in demand in our State are anxious to secure hands at from \$1.25 to \$2.50 per day.

My information is that farm labor in Egypt in an abundant supply can be obtained anywhere from 10 cents to 20 cents per day for able-bodied men. The committee, on this statement of fact, will have no difficulty in determining at once how serious a condition threatens the sea-island cotton industry in the United States.

I have not taken the time to closely investigate, but I am under the impression that an investigation of the present tariff schedules will show that every article of cotton manufacture imported into this country is dutiable, thus benefiting the American manufacturer of cotton goods of whatever description and leaving the grower at the mercy of the pauper labor of Egypt. He sells in the market of the world and pays a large tax on every article he buys made out of his own product.

The grower of wool in the west is protected against the cheap labor engaged in the growing of wool in foreign lands by a duty on all importations, and his sheep graze on the public lands, and he is twice favored by the Government.

The Republican party, which is now in control of every department of the Government, and which through its representatives will frame the intended revision of the tariff, declared in the twelfth resolution of its platform, in 1860, that that party was in favor of "that policy of national exchanges which secures for the working-men liberal wages, to agriculture remunerative prices, to mechanics and manufacturers a reward for their skill, labor, and enterprise, and to the nation commercial prosperity and independence." I invoke that declaration of more than forty-eight years ago now in the interest of "agriculture" in my section of the country. If, Mr. Chairman, your party has benefited, protected, and cared for the artisan and the manufacturer, you have not fostered, cared for, and protected the agricultural interests of the country in its different forms.

In view of the facts which we have been enabled to put before this committee, I shall insist that the committee owes it to those engaged, and who desire to further engage in the cultivation of sea-island cotton in this country, to place a duty upon Egyptian cotton, and all other cottons grown in foreign lands, of such texture and length of staple as to make them competitors in the American markets with our sea island cotton, or at least 10 cents per pound on lint, and at least 4 cents per pound on all such cotton in the seed. This, in my judgment, would not be a prohibitive tariff, but in its operation would produce revenue for the Government, and at the same time would, in a measure at least, equalize the difference between the cost of production in such countries as Egypt and in this country, and would give to our people at least an even chance in their own markets. We are not asking any special favors. Mr. Chairman; we are not insisting upon any privileges being granted to us that are not granted to the remainder of the citizenship of this country, but we do believe that when we toil in the sun of a semitropical climate for twelve months in the year to produce a crop of cotton, and when everything we purchase for our own consumption, even if manufactured from the identical sea-island cotton which our sweat and toil has produced, we are forced to bear the burden of paying the price increased by the addition of a tariff, that we should at least be permitted to enter, with the article which we produce, the markets of our own country upon an equal footing with Egypt and the West Indies, conscious that we are

asking nothing but that which our patriotic and republican fellow-citizens, with full knowledge of the facts, will gladly accord us; I submit to this committee the case of my constituents.

I do not think I care to add anything else unless the committee desires to ask questions.

MR. UNDERWOOD. Are you to be followed by some other, who raise this cotton?

MR. CLARK. Yes. I could not give you anything with reference to the practical raising of the cotton. We have some practical men who can give you all the information along that line that you desire.

MR. BOUTELL. The total importations of this long-staple cotton you gave in round figures at 71,000,000 pounds?

MR. CLARK. Yes.

MR. BOUTELL. What is the present domestic production?

MR. CLARK. About 80,000 bales, I should say. It will run about 300 pounds to the bale. Sea island cotton runs 300 pounds to the bale; that is the standard bale.

MR. BOUTELL. How many pounds would that make of the domestic product as against the 71,000,000 pounds imported?

MR. CLARK. Well, that is 80,000 bales, 300 pounds to the bale. I would have to figure it up. It would be about 24,000,000 pounds, I think.

MR. BOUTELL. Twenty-four million pounds of the domestic product?

MR. CLARK. As against 71,000,000 pounds imported?

MR. BOUTELL. Yes, sir.

MR. GAINES. Practically one-third?

MR. CLARK. Yes, sir; just about.

MR. DALZELL. Do you not think that this tariff you are asking for is what Mr. Cockran would call a tariff on apprehension?

MR. CLARK. I do not know what he would call it.

MR. GAINES. It is the Assouan Dam that is troubling you, is it not?

MR. CLARK. No; the Assouan Dam has troubled us to some extent, but the importation of 85 per cent of the consumption of long cotton in this country is what is troubling us now.

MR. HILL. You are not able, of course, to anywhere near supply the demand, even if all the land used for the growing of this cotton in the United States were in use?

MR. CLARK. I don't know about that, Mr. Hill. When I first went to Florida they were growing a long staple cotton away down on the peninsula below Tampa, and there is not a pound grown now in any but 17 of the 45 counties of Florida.

MR. HILL. Why not? Do you not get more for it now than you ever have before?

MR. CLARK. I could not tell you that, but I know labor has increased.

MR. HILL. You mean the demand has increased and your domestic supply has not increased?

MR. CLARK. No; I say labor has increased.

MR. HILL. Oh, labor?

MR. CLARK. I say labor has increased so much and the cost of living has increased so much that it is impossible to raise it now.

MR. HILL. What is the cost per acre of that land on which that cotton is grown on the sea islands, on an average?

Mr. CLARK. I should say \$25 an acre.

Mr. HILL. Do you think you would require a duty to protect the product of land worth \$25 an acre against products grown on land worth \$200 or \$300 or \$400 or \$500 an acre?

Mr. CLARK. I do not mean land that has been cleared and put in a thorough state of cultivation. I mean you can buy it for that now, but after you put it in a thorough state of cultivation it would probably be worth \$50 an acre.

Mr. NEEDHAM. Do you think there is sufficient area in the region spoken of, if cultivated, to supply the American demand for this cotton?

Mr. CLARK. I think we could supply it if we could raise it profitably.

Mr. NEEDHAM. You spoke of the area being limited to three States—

Mr. CLARK. You can raise this cotton, I think, in every inch of the State of Florida; certainly from the Suwanee south. That would be two-thirds of the State.

Mr. NEEDHAM. Then you think the area is practically unlimited there in which you could raise this cotton?

Mr. CLARK. No; I would not say it was unlimited. I say the area is quite large in Florida.

Mr. UNDERWOOD. I suppose the value of the domestic long-staple cotton has followed to a large extent the value of the imported cotton. has it not?

Mr. CLARK. I could not tell you about that, Mr. Underwood. These gentlemen who handle cotton and deal with it, and all that, can give you that practical information better than I can give it to you.

Mr. UNDERWOOD. I notice here in the Treasury reports that the value of the imported article in 1894 was a little over 10 cents; in 1895 it was 9 cents; in 1896 it was 12 cents; in 1897 it was 11 cents; in 1898 it was 9 cents; in 1899 it was about 10 cents; in 1900 it was 12 cents; the same figure in 1901; in the next year 12 cents; in the next year 14 cents; the next year 17 cents—

Mr. CLARK. What year was it 14 cents?

Mr. UNDERWOOD. That was in 1903.

Mr. CLARK. Yes.

Mr. UNDERWOOD. In 1904 it was 17½ cents; in 1905 it was 15 cents; in 1906 it was 15 cents; in 1907 it was 19.9 cents. So that there has been a constant rise in the price of cotton, a constant rise in the price of the domestic product, notwithstanding the importations that have come in.

Mr. CLARK. No—

Mr. UNDERWOOD. That is what these figures show.

Mr. CLARK. There was a rise in cotton last year, Mr. Underwood, because our people, the long-staple cotton growers—to be perfectly frank with this committee—became so absolutely tired of selling their cotton at a loss that they got together and decided they would hold their cotton until they could get a better price for it, and that is the reason it went up last year. Some of the local people decided to stand by them financially and enable them to hold it, which they did. But of course they can not do that always. That would be a losing fight in the long run.

Mr. UNDERWOOD. But, outside of last year, there has been a continual increase in the imported cotton from 1894 from something like 10 cents to 15½ cents.

Mr. CLARK. Yes; the price now in the market is some 17 or 18 cents.

Mr. RANDELL. The increase in this cotton has not been nearly as much in per cent in the other grades of cotton?

Mr. CLARK. No, sir; it has not.

If you will permit me to say one word more, I would like to do so. I am here insisting upon this proposition. If the tariff schedule is to be maintained and duties to be levied on every single solitary thing on the face of the earth in which this long staple cotton enters into the manufacture, and the manufacturer is to be protected, if it is a good thing for him, why is it not a good thing for the man who toils in the sun and grows it, and furnishes the long cotton to the manufacturers?

Our people, in other words, are tired of selling our stuff absolutely in competition with the pauper labor of Egypt, and every time our wives buy a little of this artificial silk that has been exhibited this morning, we pay an enormous tax—and we are buying our own goods, made from the product of our own soil.

That is the whole question in a nutshell as I see it, and that is why I am presenting this case in behalf of my constituents.

Mr. HILL. You pay a duty on cotton generally without any particular reference to long staple cotton?

Mr. CLARK. No; I do not.

Mr. HILL. I thought you had in the past.

Mr. CLARK. No, sir; I have not. That is a mistake. We have a monopoly as against the world in short cotton; we do not need any protection.

Mr. BOUTELL. Right in that connection, Mr. Clark, you have gone thoroughly and intelligently into this question of the growth and supply of cotton in the different parts of the world. The question that Mr. Hill asked suggests whether you have in your investigation found out what progress is being made by the English, German, and French manufacturers, statesmen, and economists, in attempting to solve the problem of growing their own staple in their own colonies or possessions.

Mr. CLARK. Well, I have not any information sufficient to give this committee. I only know in a general way that that is true.

Mr. BOUTELL. You know that they are making great efforts in that direction?

Mr. CLARK. Yes.

Mr. BOUTELL. And spending large sums of money?

Mr. CLARK. Yes.

Mr. BOUTELL. Now, you have given an illustration of what can be done by the growers of long-staple cotton in foreign countries with the cheap labor. Suppose that Great Britain and Germany and France should solve this problem of producing their own staple entirely, in India, Egypt, and the French possessions in Africa. Then we would be brought face to face—perhaps it will be the framers of the next tariff—with the problem, first, of protecting our growers of short cotton against this Hindu and African labor; and second, with

the more important problem of using our own staple in our own American factories.

Mr. CLARK. Yes, sir.

Mr. BOUTELL. Well, if there should be at any time a falling off in the foreign demand for the raw cotton, in order to utilize it and continue the value of the raw cotton, we must manufacture it here at home, must we not?

Mr. CLARK. Yes; that is the way I view it, sir.

Mr. BOUTELL. And if that time should approach with a falling off of the foreign demand for our cotton, increasing domestic demand for our cotton, it will make a very largely increased spread of the manufacturing of cotton in the South, will it not?

Mr. CLARK. There is no doubt about it in the world, sir.

Mr. BOUTELL. If these foreign manufacturers of cotton should produce all of their own staple, we could by broadening our manufacture here still absorb our entire domestic crop?

Mr. CLARK. Surely, yes. Now, I will let these other gentlemen speak.

Mr. HILL. You acknowledge the ability of the South to compete with the rest of the world in short-staple cotton?

Mr. CLARK. Yes; I think so.

Mr. HILL. But claim that they can not compete in the long staple cotton?

Mr. CLARK. Yes, sir.

Mr. HILL. Are you not aware of the fact that labor in India and China, where short staple cotton is produced, and more particularly India, is much lower than it is in Egypt?

Mr. CLARK. I understand that, but they have not been able yet to produce cotton that competes with us in what we call short cotton.

Mr. HILL. Then it is a question of quality between India cotton and cotton in the Southern States, and not a question of price?

Mr. CLARK. Well, of course the quality controls prices very largely, I think, in everything. I think it is always a question of quality. It is so in the case of men, animals, and goods.

Mr. COCKRAN. As I understand it, your position is that if there were a general freedom of trade cotton would be willing to take its chances with the rest, but when every other industry levies upon cotton, cotton wants a chance to levy back upon others?

Mr. CLARK. Mr. Cochran, representing my constituency, I want to say this: We are American citizens. I think every State in the Union is represented in my district by some citizen who has transferred his residence down there. We are willing to take our chances with the American people in any plan or scheme of taxation adopted by them. If it is considered best to remove all the duties from cotton goods and leave cotton free, we will take our chances with the rest; but if these duties are to remain we want our interests taken care of, along with those of the other sections of the country. That is the way I think our people view it.

Mr. COCKRAN. That is precisely as I understood.

The CHAIRMAN. Is Mr. Frank Adams present?

[There was no response.]

STATEMENT OF MR. JOHN W. HATCHER, OF LAKE CITY, FLA.

Mr. Chairman and gentlemen, I am up here in the interest of the cotton grower, to take this matter up and explain as best I can in detail as to the true condition of our cotton, so far as our cotton is concerned.

I can say I have probably raised as much cotton as anyone in Florida, any one individual. I rather think I have made more, and no doubt have farmed as nearly in a scientific way as any man in that country. My farms are considered fairly good, probably as good as there are in the State.

I want to say that I have made a failure in our product. It has got to such conditions, on account of the high price of labor, that the raising of this cotton is now an absolute failure.

The true conditions of the country have been that we have raised our cotton with our family, with free labor, as we might say. In other words, you see, it is raised by a very cheap labor; but you go at it from a business standpoint and you find you can not raise it. I am a failure. I have had to quit it, almost. I have tried it; I have bought it, I have raised it, I have produced it, I have sold it, and I have lost the better part of my life trying to get a living out of it.

So I would like to give you the figures, and I will endeavor to be conservative, because I do not want to overestimate anything. I simply want to give you the real facts as I know them from my experience.

Take the average cost that we find here. We find it costs on the average, in my country, \$21.50 an acre to cultivate and gather the crop on 1 acre. I have made it on an acre basis. I have made this calculation.

For rent of land it would cost \$3 an acre; for preparing and cultivating, \$10 per acre; for picking, \$5 per acre. We pay \$1.25 per hundred as a standard price for our gathering. For fertilizer, \$3.50 an acre. That is about the average with us. I am sure that the average planter does not raise exceeding 400 pounds to the acre, the average. It takes an acre to make 100 pounds of lint on the average, or almost so; that is, approximately so.

If there is any question as to the price, as I have been buying and handling cotton for twenty-odd years, if there is any question for information you would like to ask, I would be glad to give you a slight history of the business.

THE CHAIRMAN. What class of labor do you come in competition with in the Old World?

MR. HATCHER. Well, we suppose that cheap labor is the reason we are appealing to you, because we can not compete from a business standpoint.

THE CHAIRMAN. Is it not a fact, which has been stated here day after day, that while labor costs less per day over there, that our labor is so much more efficient that really our labor is cheaper here for a pound of cotton, when it comes to raising it and picking it, than it is over there? That has been asserted here as the fact time and time again. What do you think about that?

MR. HATCHER. I am not familiar with that fact. I know from a business standpoint it is impossible to grow sea-island cotton to

make it profitable. Of course we raise some. We raise it with our families, which is cheap labor, and we would have "busted" years and years ago if we had not done that. It is utterly impossible to raise it at present prices of production.

The CHAIRMAN. I am not quite sure of what I have stated, whether it is a fact or only a theory.

Mr. HATCHER. I do not know whether it is a fact as to Egyptian conditions; I am not familiar with them.

The CHAIRMAN. But you do know that competition comes in and the cotton comes in?

Mr. HATCHER. Yes; the Egyptian cotton, as I understand it——

The CHAIRMAN. They ship cotton, and you are afraid they will ship more?

Mr. HATCHER. Yes; we are afraid they will ship more; and they have driven us out, so we can not make it, only in the way I have said. People that have children utilize them to work in the cotton fields.

The CHAIRMAN. Are you in favor of making up a tariff bill that would guard against possible consequences in the future, so that if you see any cotton or other article abroad that you think is liable to compete with an article raised here or manufactured here that you will be willing to go ahead and put on sufficient protection in order to be sure to protect it?

Mr. HATCHER. Yes.

The CHAIRMAN. I do not refer to cotton especially, but anything else.

Mr. HATCHER. Yes; I really do. I am a Democrat protectionist. [Laughter and applause.]

The CHAIRMAN. You are a real protectionist?

Mr. HATCHER. Yes.

The CHAIRMAN. And a high protectionist. Your name has been given to me with the prefix honorable. Do you hold any official position?

Mr. HATCHER. None whatever.

The CHAIRMAN. Have you ever held any?

Mr. HATCHER. None.

Mr. UNDERWOOD. Is there any short staple cotton grown in Florida?

Mr. HATCHER. A limited amount.

Mr. UNDERWOOD. Do you know anything about raising short staple cotton?

Mr. HATCHER. Yes, sir.

Mr. UNDERWOOD. Do you raise any?

Mr. HATCHER. Only in a limited way.

Mr. UNDERWOOD. What is the difference in the cost of raising short-staple cotton and raising long-staple cotton?

Mr. HATCHER. The main difference is in the picking.

Mr. UNDERWOOD. Then you think all the other items of cost except the picking are the same in the one case as in the other?

Mr. HATCHER. Very nearly the same; yes, sir.

Mr. UNDERWOOD. How much do you estimate the cost of picking the long-staple cotton is?

Mr. HATCHER. One dollar and twenty-five cents a hundred.

Mr. UNDERWOOD. Five dollars an acre. Now, are the people going on raising short-staple cotton in Florida?

Mr. HATCHER. In certain localities they can not raise long-staple cotton: There are only about seventeen counties in Florida where it is grown at present.

Mr. UNDERWOOD. You can raise short cotton on the same ground that you raise long-staple cotton on, but you do not?

Mr. HATCHER. Yes; but it does not do well. That locality is not adapted to short cotton at all.

Mr. UNDERWOOD. How much more does it cost to pick long-staple cotton than it does to pick short-staple cotton?

Mr. HATCHER. It costs us 75 cents a hundred more.

Mr. UNDERWOOD. So the only additional cost in raising long staple cotton over what it costs to raise short staple cotton is 75 cents a hundred for the picking?

Mr. HATCHER. The only difference we have there; yes.

Mr. UNDERWOOD. That is what I am talking about.

Mr. HATCHER. It would be the same fertilizer and the same labor required, except as to the picking.

Mr. UNDERWOOD. Your price for long staple cotton is about twice what they get for the short staple cotton?

Mr. HATCHER. No; it is not, now.

Mr. UNDERWOOD. Did you not last year get nearly 20 cents for your long staple cotton?

Mr. HATCHER. Yes; we got all the way from 12 cents to 18 cents.

Mr. UNDERWOOD. Last year the long staple cotton sold for 20 cents a pound and the short staple cotton sold for about 12 cents a pound.

Mr. HATCHER. How was that?

Mr. UNDERWOOD. Last year you got 20 cents a pound for your long staple cotton?

Mr. HATCHER. Yes, sir.

Mr. UNDERWOOD. And you got 11½ or 12 cents for your short staple cotton?

Mr. HATCHER. Somewhere along there; I do not keep up with that.

Mr. UNDERWOOD. You made \$8 more profit on your long staple cotton when you sold it than you did for your short staple cotton—

Mr. HATCHER. Excuse me one second. I can set you clear. The average price last year was less than 17 cents for sea island cotton.

Mr. UNDERWOOD. The average price of short staple cotton last year was about 9 cents, was it not?

Mr. HATCHER. I don't know; I am not familiar with it, I assure you.

Mr. UNDERWOOD. But, at any rate, you get from \$7 to \$8 more for your long staple than you do for your short-staple cotton?

Mr. HATCHER. Yes, sir.

Mr. UNDERWOOD. And, according to your own statement, the cost of it is only 75 cents a hundred more.

Mr. HATCHER. In our neighborhood there.

Mr. UNDERWOOD. Only 25 cents a hundred on the lint; it only costs you 25 cents a hundred on the lint more to raise the long-staple cotton than it does the short-staple cotton, and you get from \$7 to \$8 a hundred pounds more for your long-staple cotton. Is not that so?

Mr. HATCHER. Yes, sir; I guess it is.

Mr. UNDERWOOD. And yet you say that the short-staple men can go out and compete in the markets of the world and need no protec-

tion, and the long-staple man, who is making \$7 or \$8 more a hundred pounds for his cotton, needs a wall of protection to protect his industry. Can you explain that?

Mr. HATCHER. We have only a limited territory, though, where we can raise that grade of cotton, and we down there are handicapped under the present conditions; we feel like we are a failure. We raise a little cotton, it is true—

Mr. UNDERWOOD. Is not this really the condition, that you have seen some of your neighbors in Florida have a lemon protected to a point where they could make a great deal more for lemons than the ordinary people engaged in agriculture, and an orange protected so that they monopolize the American market, and living so close in contact with that system of hot-house development have not the cotton men in your neighborhood acquired the taste and desire to join the gang? Is not that about the fact?

Mr. HATCHER. Let me give you my experience in it. I have been working in this matter for about twenty-five years, and it has been a very unsatisfactory business. Our people are educated in this business and accustomed to it, and that is about all we know. It is our main occupation and livelihood, and we realize that we are being injured by the importation of other cotton, this cotton that comes almost directly in competition with us. The Egyptian cotton is only a shade lower than ours. I had occasion to visit numbers of sea-island mills, and I went there with a view of trying to change the existing conditions, but the information I got there was that they use this Egyptian cotton. While it is not quite as good as ours, they can mix it with our cotton, and it keeps our product down. We feel our product is worth more, under any ordinary conditions than we are receiving for it.

Mr. UNDERWOOD. You were raising long leaf staple cotton fourteen years ago?

Mr. HATCHER. Yes; twenty-five years ago.

Mr. UNDERWOOD. And you were competing and surviving under the competition then?

Mr. HATCHER. Yes.

Mr. UNDERWOOD. You have gone on producing it year after year for the last fourteen years?

Mr. HATCHER. Yes.

Mr. UNDERWOOD. Each one of those years the price of cotton has been going up until it has increased from 10 cents, which was the price in 1894, to 20 cents, which was the price in 1907; and after your price has increased from 10 to 20 cents, doubled in price, you suddenly wake up to the fact that you can not compete in the markets of the world without protection. Is not that the condition?

Mr. HATCHER. The trouble is the labor conditions. The time has been when I could raise cotton. I can not do it now, as I have told you, at a profit. I have always run my farm in a way so that I always reduced it to piecework. Very few have done it. I have always known exactly what it cost me. I really know what it costs me to produce cotton, and I assured the people I raise it for 12 cents a pound, sea-island cotton, fifteen years ago. But our labor conditions cost three times that; labor is very scarce and very high, and we can not, under the present conditions, stay in this cotton business without some relief.

Mr. FORDNEY. Thirty-five years ago your land did not cost you \$25 an acre, as it does now?

Mr. HATCHER. No; it did not.

Mr. FORDNEY. What did it cost you then?

Mr. HATCHER. It cost about \$1.25 an acre then.

Mr. FORDNEY. So there is some difference in the cost of production, taking in consideration the value of the land to-day as compared with what it was worth twenty-five years ago and the cost of labor to-day as compared to what it was worth twenty-five years ago?

Mr. HATCHER. Yes, sir.

Mr. FORDNEY. You said, did you not, that short cotton was raised in Florida to a limited extent?

Mr. HATCHER. Yes; in our neighborhood to a very limited extent; that is, in that sea-island cotton belt.

Mr. FORDNEY. You would not attempt to say that you could compete in raising cotton with the Delta territory in Mississippi and Louisiana, where they raise two or three bales of cotton to the acre?

Mr. HATCHER. It would be pretty hard to do that; yes.

Mr. COCKRAN. I did not get that question or answer.

Mr. FORDNEY. I say, with the soil you have in Florida, compared to the rich soil to be found in Mississippi and Louisiana in that Delta country, you could not in any way attempt to compete with that territory in raising short cotton, could you?

Mr. HATCHER. No.

Mr. FORDNEY. Because they raise there three or four times as much cotton per acre, that short cotton, as you do.

Mr. HATCHER. We could not compete unless we had better methods of handling labor than we have now. I don't think we could.

Mr. FORDNEY. Where they raise three or four times as much cotton per acre with the same labor, except the cost of picking, there would be a vast difference in the cost of production, would there not?

Mr. HATCHER. Yes; a great difference.

Mr. FORDNEY. It costs you just as much to cultivate an acre of land where you raise a bale of cotton on it as it does to cultivate an acre of land where you can raise two bales of cotton on it, does it not?

Mr. HATCHER. I think so; yes.

Mr. FORDNEY. And in your territory in Florida it costs you, as you have said, \$3.50 per acre for fertilizer?

Mr. HATCHER. Yes.

Mr. FORDNEY. While in the rich valley of the Mississippi they do not have to fertilize at all, is not that so?

Mr. HATCHER. That is true.

Mr. COCKRAN. I did not get his answer.

Mr. HATCHER. I said that that is correct.

The CHAIRMAN. I want to make another suggestion, and that is that you look at this matter from the view point of your locality; you should not put it on the ground of protection, but a sort of benevolent disposition toward the Treasury of the United States, putting a revenue duty on cotton. I say I throw that out as a suggestion for your future study of the subject, from the view point of your locality.

Mr. UNDERWOOD. I think the chairman's idea is a very wise proposition, that when you come here demanding protection for an industry that evidently does not need protection, you probably can not reach very far in your argument; but as a matter of revenue to take care

of the depleted Treasury and to help out our friends on the other side, you might make a good argument.

The CHAIRMAN. You see how that argument strikes your locality.

Mr. FORDNEY. The gentleman from Alabama undertook to get you to make a comparison of your profits on your short cotton and long staple cotton in your part of the country. The point I am trying to make is that you do not successfully raise your long staple in the territory where short cotton is raised.

Mr. HATCHER. That is correct.

Mr. FORDNEY. So there is no comparison as to that.

Mr. HATCHER. No comparison as to that; no, sir.

Mr. FORDNEY. And are you asking for protection simply because you do not make as much off your long staple cotton as you do off your short staple cotton?

Mr. HATCHER. That is not our object.

Mr. FORDNEY. But because the conditions are entirely different in the different localities? You can not raise short cotton?

Mr. HATCHER. No; we can not raise the short cotton.

Mr. FORDNEY. I am trying to help you out.

Mr. HATCHER. Thank you.

Mr. BOUTELL. Do you not think you farmers of long staple cotton stand in just as good a position as the farmers of sugar cane in Louisiana or the farmers of rice in Texas?

Mr. HATCHER. I really do not know as to their condition, but I do not see why they should not stand some show—

Mr. BOUTELL. You must have read about them.

Mr. HATCHER. Yes.

Mr. BOUTELL. Do they stand any better show than you do? Is there any difference between the farmers of long staple cotton in Florida and the farmers of sugar cane in Louisiana or the farmers of rice in Texas, they asking for a protective tariff? If there is, I would like to know what the difference is. You know, do you not, that there is a protective duty on rice?

Mr. HATCHER. No, sir; I am not familiar with those things.

Mr. GRIGGS. I understood you to say in the beginning that it cost you \$21.50 an acre to grow 400 pounds of cotton?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. Of sea-island cotton?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. From which you get 100 pounds of lint?

Mr. HATCHER. Yes, sir; about 100 pounds of lint.

Mr. GRIGGS. What does it cost you to break that land per acre in the spring?

Mr. HATCHER. About \$10 an acre to cultivate it. We have to cultivate that cotton four or five times. It is quite different from raising the short cotton.

Mr. GRIGGS. We do the same thing with our short cotton.

Mr. HATCHER. In that country our cultivation is much more expensive, even with labor as cheap—

Mr. GRIGGS. You use negro labor, do you not?

Mr. HATCHER. No; only in a limited way. We use what we can get hold of. We haven't got enough of it. We have to compete with the turpentine people and the lumber people, and it has made it difficult for us to get hold of labor.

Mr. GRIGGS. You understand the short-cotton people have the same difficulty in southern Georgia?

Mr. HATCHER. Sir?

Mr. GRIGGS. I say, you understand the short-cotton people in southern Georgia have the same difficulty in regard to labor, do you not?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. You say you plow your cotton four or five times a year?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. Which is it, four or five times?

Mr. HATCHER. No regular amount; sometimes half a dozen times. It depends on our season.

Mr. GRIGGS. You plow it until you can not plow it any longer?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. Just as we do with the short cotton. So you do not cultivate it any more times during the year than our short cotton?

Mr. HATCHER. Yes; your plant is shorter lived, and I do not think it requires the amount of cultivation that the long staple does. That is the reason we can not grow the short cotton successfully.

Mr. GRIGGS. Because the short cotton has a shorter life than the long staple cotton?

Mr. HATCHER. Yes, sir. It will not stand the heat.

Mr. GRIGGS. Mr. Hatcher, what did you get for your long cotton last winter?

Mr. HATCHER. This past season?

Mr. GRIGGS. Yes.

Mr. HATCHER. The price ranges from 12 to 21 cents.

Mr. GRIGGS. This season?

Mr. HATCHER. Yes, sir; the average price was about 17 cents.

Mr. GRIGGS. Do you know what the price of short cotton has been this season?

Mr. HATCHER. No, sir.

Mr. GRIGGS. The price of short cotton has been from 8 to 9½ cents this season. That is about one-half the price of your cotton, is it not?

Mr. HATCHER. Yes; near about.

Mr. GRIGGS. Now, then, if we must work out cotton as long as you work yours, which I know to be a fact, because I see fields in my own district side by side and know the people who work them, and we must take one-half the price for our cotton that you get for yours, do you not think we need more protection than you do?

Mr. HATCHER. No, sir; you have not got a commodity, a farm commodity coming in competition the way ours does. That is the ground on which we ask for protection.

Mr. GRIGGS. Is it not true that your land is not suited to the growing of long staple cotton?

Mr. HATCHER. I think it is the only territory in this country that is adapted to it.

Mr. GRIGGS. And you only make a hundred pounds of lint to the acre?

Mr. HATCHER. I mean the average; I am talking of the general average.

Mr. GRIGGS. You would not cultivate land in southern Georgia that we could not make over 100 pounds from.

Mr. HATCHER. You have a better class of farmers, probably, than we have. It is utterly impossible for us to compete and raise cotton for 17 cents, that costs us 21 cents.

Mr. GRIGGS. You use \$3.50 worth of fertilizer. you say?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. That is about 300 pounds?

Mr. HATCHER. That is about the average.

Mr. GRIGGS. Or 350 pounds to the acre. You manage to get 100 pounds of lint off of it in the year?

Mr. HATCHER. Yes; 100 pounds of lint.

Mr. GRIGGS. Is it not true that land that is adapted to sea-island cotton particularly makes almost, if not entirely, as much to the acre as short cotton?

Mr. HATCHER. I rather think so.

Mr. GRIGGS. Then you think that 100 pounds to the acre, for a short-cotton grower, is good farming?

Mr. HATCHER. For sea island, it is the average farming.

Mr. GRIGGS. I am talking about the short cotton now. You say that land adapted to the growth of long cotton will grow nearly as much, if not equally as much, to the acre as land planted and grown and adapted to short cotton?

Mr. HATCHER. I did not understand the question that way. I was referring to our own locality. I was comparing short cotton to the long cotton in our own locality; I did not understand your question that way. I understood it as applying to our own locality.

Mr. GRIGGS. Then you do not know about that?

Mr. HATCHER. I am not in a position to take up the short cotton end of it, only in a limited way, in my own territory.

Mr. GRIGGS. That is true of my section of the country, because we grow both long cotton and short cotton. You say it costs you \$10 an acre to cultivate it?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. And \$3.50 for fertilizer?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. That would make \$13.50. You pay \$5 to gather it; you pay \$1.25 a hundred?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. That would make \$18.50?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. What is your other expense?

Mr. HATCHER. Three dollars for land rent.

Mr. GRIGGS. Where do you live?

Mr. HATCHER. I live in Lake City, Columbia County.

Mr. GRIGGS. How much land is there in Columbia County that will sell for \$125 an acre to-day?

Mr. HATCHER. Very little.

Mr. GRIGGS. Then land is not worth \$125 an acre in Columbia County?

Mr. HATCHER. Not all of it. Farming land is worth from \$10 to \$25 an acre.

Mr. GRIGGS. You can buy most of the land you want for \$15 an acre, can you not?

Mr. HATCHER. Yes; unimproved land you can.

Mr. GRIGGS. So, then, the question of the gentleman from Michigan as to the value of your land falls flat?

Mr. HATCHER. I do not mean that you can buy a farm. You can buy unimproved land for \$10 an acre, but you can not buy improved land—

Mr. GRIGGS. That would range from \$20 to \$50 an acre?

Mr. HATCHER. The improved farms; yes.

Mr. GRIGGS. Which are your highest-priced lands; what is grown on your highest-priced land?

Mr. HATCHER. Various crops; no special crop.

Mr. GRIGGS. I say your highest-priced lands?

Mr. HATCHER. Our highest-priced lands on our farms depends on the improvements, the class of improvements; that is what I had reference to.

Mr. GRIGGS. You mean houses on the land?

Mr. HATCHER. I do.

Mr. GRIGGS. You mean it depends on the houses?

Mr. HATCHER. The houses and the state of the cultivation of the land.

Mr. GRIGGS. State of cultivation?

Mr. HATCHER. Yes.

Mr. GRIGGS. Well, the state of cultivation depends entirely on the plowing that has been done on it for several years, does it not?

Mr. HATCHER. Very largely.

Mr. GRIGGS. Now, then, take lands of that class and that character and tell me what the growth is on that land that makes it most valuable, what plant grown on that land is the most valuable plant; that is your long staple cotton land, that is your highest priced land, is it not?

Mr. HATCHER. All that section is adapted to long staple cotton.

Mr. GRIGGS. And that is the highest priced land, is it not?

Mr. HATCHER. Yes; I guess it is, almost.

Mr. GRIGGS. And it is worth from \$25 to \$50 an acre?

Mr. HATCHER. From \$20 to \$50, I would say, yes. Farms, I mean, where they are improved.

Mr. GRIGGS. That is, you mean improved land?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. They are worth from \$20 to \$50 an acre?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. And yet that land which cost you \$21.50 per acre to cultivate, can only return you, at the very highest price of long staple cotton during the last twenty years \$19 gross?

Mr. HATCHER. I mean the average of the country, the cotton, 100 pounds to the acre. I have made more cotton than that.

Mr. GRIGGS. I was trying to get the average price of the land.

Mr. HATCHER. I would say from \$20 to \$40 or from \$20 to \$50 an acre. I am quite sure the land is worth that.

Mr. GRIGGS. How much do you make on your farm?

Mr. HATCHER. I usually beat that; I used to get 200 pounds. But I used a good deal more than \$3.50 worth of fertilizer.

Mr. GRIGGS. Well, so do we. Now, the gentleman asked you some questions about your competition with the Mississippi Valley. You do not compete with the Mississippi Valley in long staple cotton, do you?

Mr. HATCHER. No; I guess not.

Mr. GRIGGS. But the short cotton growers of the South must compete with the Mississippi Valley, must they not?

Mr. HATCHER. They compete with each other, I would say.

Mr. GRIGGS. That is what I say—we must compete with each other. I simply want to get the facts about this business. I am taking no attitude, friendly or hostile, this morning.

Mr. HATCHER. I appreciate that.

Mr. GRIGGS. I am simply trying to get facts. Now, then, the short-cotton growers of the South must compete with the Mississippi Valley cotton growers, must they not? If we make a bale of cotton to the acre in Georgia, we must use at least six to eight dollars' worth of fertilizer, must we not?

Mr. HATCHER. I would think so. I am not familiar with the short-cotton business.

Mr. GRIGGS. And the farmers of the Mississippi Valley do not have to put any fertilizer on, do they? They do not have to use fertilizer?

Mr. HATCHER. I can not give you any information on that whatever, because I am not familiar with the conditions there.

Mr. GRIGGS. They do not, as a matter of fact. Now, then, with an expenditure of from \$6 to \$8 an acre in fertilizer, in order to make a bale of cotton, we must compete with people who can make two bales of cotton to the acre without any fertilizer. Is not that true?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. What is the cost of ginning a bale of long staple cotton?

Mr. HATCHER. The seed pays for the ginning. That is the way we figure that

Mr. GRIGGS. Do you not get at least 600 pounds of seed out of a bale; do you not get 700 pounds out of a bale?

Mr. HATCHER. Yes; we get about 1,000 pounds.

Mr. GRIGGS. A thousand pounds of seed out of a bale?

Mr. HATCHER. Yes; we furnish bagging and do the ginning for the seed.

Mr. GRIGGS. And a ton of seed is worth from \$12 to \$18 in the market?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. Do you mean to say that you pay from \$12 to \$18 for ginning your cotton per bale?

Mr. HATCHER. The custom there in ginning is that we furnish the bagging and twine and gin for the seed, in a majority of cases. Some keep that seed for fertilizer.

Mr. GRIGGS. Now, Mr. Hatcher, you said at the beginning of your talk—and you answered me the question just now in the same way—that you were an up-to-date farmer?

Mr. HATCHER. Yes, sir; I think I know something about it.

Mr. GRIGGS. And being an up-to-date business man and farmer, you say that you pay from \$6 to \$9 a bale for ginning your cotton?

Mr. HATCHER. No, sir; I am speaking as to the custom of the people in this business in our country.

Mr. GRIGGS. But you do not do that, do you?

Mr. HATCHER. I do not; I have quit the business.

Mr. GRIGGS. You are out of the business?

Mr. HATCHER. I am virtually out of it; yes. I am only referring to the average people.

Mr. GRIGGS. That is what the average man pays?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. Do you not think you had better change that custom?

Mr. HATCHER. Well, I think it would be fairly good business to change it.

Mr. GRIGGS. To change the custom?

Mr. HATCHER. Yes; the custom of ginning.

Mr. GRIGGS. You know what it costs to gin cotton?

Mr. HATCHER. Yes; I have run a couple of plants myself.

Mr. GRIGGS. Then the gin is levying a very heavy tribute on the long-cotton farmer, is it not, if it charges from \$6 to \$9 a bale for ginning?

Mr. HATCHER. Yes; he is getting a pretty good price.

Mr. GRIGGS. I wish I had a gin down there.

Mr. HATCHER. I wish I had another one, and could get plenty of work.

Mr. GRIGGS. Now, then, had you not better go to work and cheapen the cost of producing your cotton before you insist on levying a tribute on all the people of the United States in order to make your prices better?

Mr. HATCHER. The reason, Captain, that we appeal to you here for this protection is because we feel like our labor is competing with a foreign labor—putting up cotton side by side without duty—that we can not exist and raise it under our present price of labor. It is impossible for us to compete with the other fellow if the Egyptian cotton is worth within a cent or about a cent a pound what ours is worth.

Mr. GRIGGS. Won't you answer my question? My question was, Do you not think you had better go to work and lower the cost of production?

Mr. HATCHER. I think it a good idea, but it is hard to do.

Mr. GRIGGS. You say as a positive fact, unqualifiedly, that that is too high for ginning?

Mr. HATCHER. Yes; but I just referred to that as a general custom with some people. Some people pay a dollar a hundred, they get a dollar a hundred in some cases. Some prefer to be giving the seed and getting the bagging rather than pay a dollar a hundred. The standard price of ginning is a dollar a hundred.

Mr. GRIGGS. Do you not think that is too high?

Mr. HATCHER. No.

Mr. GRIGGS. Do you not think 75 cents would be right?

Mr. HATCHER. For sea-island cotton?

Mr. GRIGGS. Yes; when we gin the other cotton at 30 cents?

Mr. HATCHER. No. If you can gin 8 or 10 bales——

The CHAIRMAN. Is this to be prolonged?

Mr. GRIGGS. I do not know; I am doing my best.

The CHAIRMAN. I do not exactly see the point.

Mr. GRIGGS. I do not expect you to see it. I am looking at it myself.

The CHAIRMAN. I wondered if you saw it.

Mr. GRIGGS. Yes; I saw it.

The CHAIRMAN. I will have to take your assurance for it.

Mr. GRIGGS. Do you not believe that 75 cents a hundred is a good price for ginning your cotton?

Mr. HATCHER. No, sir.

Mr. GRIGGS. As compared with 30 cents for ginning short cotton. It does not take three times as long?

Mr. HATCHER. Oh, yes; your gins will gin ten or twelve bales a day. Our gins will gin only one, 400 pounds average. That is quite a difference.

Mr. GRIGGS. You ought to get better gins then.

Mr. HATCHER. I can get gins that will do more work, but I can not get any that will do better work. We have gins that will gin four bales a day, but their work is not satisfactory. Consequently a dollar a hundred is as cheap as I can gin and exist.

Mr. CLARK. Why do you not go to raising corn and wheat?

Mr. HATCHER. The weevils eat it up. It is not a staple crop there.

Mr. CLARK. Neither is this cotton you are talking about.

Mr. HATCHER. Yes; it is staple; it will not rot if you keep it dry.

Mr. CLARK. I know you call it long staple, but the whole truth is you can not raise long-staple cotton down there successfully?

Mr. HATCHER. No. We think we can raise it successfully if we can get a price—

Mr. CLARK. Certainly; somebody raised a lemon up in Missouri, and an orange, too, and such things, but it cost them, perhaps, pretty nearly ten or fifteen dollars apiece to raise them. Now, the whole tale about this long-staple cotton is that you thought there was going to be a tariff pie or watermelon cut up here and you wanted a slice when it went around.

Mr. HATCHER. I feel like if the other industries of the country are protected we should have some. We are coming directly in competition with cotton imported into this country.

Mr. POW. You are asking 10 cents a pound protection?

Mr. HATCHER. Yes, sir.

Mr. GRIGGS. You say you think because the balance of the country has protection that we ought to have it?

Mr. HATCHER. Where we are depending on a commodity that comes so near direct competition with foreign cotton, that is the position. I know it is cheeky for a Democrat to appeal to a body of gentlemen like this and ask for protection. Still I have always believed in it; I have always been somewhat inclined that way, although it has not been my politics.

Mr. GRIGGS. You have not answered my question. You said, did you not, that because the balance of the country had protection you thought you ought to get some of it?

Mr. HATCHER. I said some of the business of the country—

Mr. GRIGGS. Do you think that you ought to be a Republican because a good deal of the rest of the country goes Republican? You do not believe that?

Mr. HATCHER. I can not argue with you; you put them to me too strong; I can not keep up.

Mr. COCKRAN. Is Florida the only place where this article is grown?

Mr. HATCHER. Florida, South Carolina, and Georgia.

Mr. COCKRAN. The people here from South Carolina are not here asking for protection?

Mr. HATCHER. They have only a small territory, some little islands, and they never grow more than 8,000 to 10,000 bales a year.

Mr. COCKRAN. They are satisfied with the law as it is?

Mr. HATCHER. I suppose so, because they are only interested in a limited way.

Mr. DALZELL. Where is this territory—South Carolina and Georgia?

Mr. HATCHER. Yes, sir; South Carolina, Florida, and Georgia.

Mr. LONGWORTH. Is the cost of labor as high in Georgia as it is in Florida?

Mr. HATCHER. I do not think so; I hardly think it is.

Mr. LONGWORTH. What does a farm hand cost to-day?

Mr. HATCHER. If you hire them by the day they will cost you a dollar a day.

Mr. COCKRAN. You said that there was a limited quantity of this article produced to-day in other places besides Florida?

Mr. HATCHER. Yes; there is a limited amount produced in South Carolina and a considerable amount raised in Georgia. South Carolina raises a limited amount and Georgia and Florida the balance.

Mr. COCKRAN. Do you claim that the major portion of this article is raised in Florida?

Mr. HATCHER. Yes, sir.

Mr. COCKRAN. You raise then the greater part of it?

Mr. HATCHER. Yes, sir.

Mr. COCKRAN. So that when you come here you speak for the main part of the product?

Mr. HATCHER. Yes, sir. We will have some of the Georgia people speak later.

STATEMENT OF MR. W. W. WEBB.

Mr. WEBB. Mr. Chairman and gentlemen, I am here as a representative of the interstate convention of Georgia and Florida, and represent them in the cause of protection in the sea-island cotton grown in those two States.

There are about 16 counties, I believe, in Georgia and 13 counties in Florida that grow the sea-island cotton. I am not acquainted with the tariff issues or duties; I am not familiar with the facts and figures to be found in the tariff lists. I am here as a practical producer of sea-island cotton, a practical worker in the field.

The convention that I refer to was called, and I believe about 200 delegates were present. They elected a delegation to represent them before this honorable committee and to present their wishes and pleadings.

We desire to have a duty placed on Egyptian cotton, which comes in competition with our sea-island cotton grown in that section. We are sincere in making the appeal. Yet, at the same time, we may be somewhat ignorant as to just how our claims should be presented and may appear ignorant in presenting them, because for the most part the men that work in the fields, as we do, are not versed or learned in legal affairs or in the methods that should be employed in presenting a case before a body of this kind.

I once heard a tariff argument by an able man, and I thought what he said was unanswerable. He stated, among other things, that a

protective tariff was not so much for the protection of American industries or American enterprises as it was for the protection of the men who worked. He argued that a protective tariff gave to our people profitable work; that it increased the price of labor. I remember that great man who made that tariff speech, the only tariff speech I ever heard, and I say it has always seemed to me unanswerable.

Mr. POU. Whose speech do you refer to?

Mr. WEBB. I refer to Jim Wilkinson's speech. I say you have not answered it. I am not appealing to politicians or politics, but I have come because I am here to represent our people, because they elected me to represent them, and I am a little like the lady who was praying for a husband. When she was down on her knees, penitent because she had not found a mate, suddenly she heard an owl hoot, "Who! who! who!" She says, "Anyone, O Lord, so it is a man; I will take him." They did not send me before any politicians or before any party, but it was before this honorable board, which we thought would have sympathy for the men that were working.

We have conceived the idea that if you have protected men in manufactories you would be willing to protect the men in the fields. If you protected the children in the manufactories and in the factories of our great southern country in its industries, why should you not protect the infant in humanity that is working for a living?

That is the pleading that we are making to you gentlemen here today. And the man that gives us the thing that we ask for is the man that will be remembered in our mind, soul, and heart as long as we live.

I do not know about protection, as I have said; I do not know what ought to go on the protection list, nor what should not be there; but I tell you, gentlemen, that I would not ask you to do anything that was not the greatest blessing to the greatest number of people of our country, that would not be better for the greatest number of people as well as those who are interested in the growth and protection of sea-island cotton.

We have heard it said it is best for us to reduce the cost of production. If you are wise enough to do that, if you can reduce the cost of production and hand it down to us and have us make a success of it, then we will accept that, but I believe if you gentlemen will come down and march between the plow handles with us and help us to plow it out and hoe it out and chop it out and pick it out, and then prepare it for the market, you will be convinced of the fact that the cost of production can not be reduced. I know that there is some contention—but I never knew it until to-day—about wanting all the cotton put on the tariff list, or all cotton protected. There are only those few counties, gentlemen, that grow the sea island cotton, and nearly all of those counties were represented in that meeting I am telling you about, and all of them are interested and pleading to your honorable body to-day that you may place a protection upon our cotton. I do hope that you will.

If there are any questions that I can answer, I will be glad to answer them.

The CHAIRMAN. Are there any questions?

Mr. WEBB. A fellow that plows, you know, is not up to answering questions. The only thing he can do successfully is to draw the line and tap the mule.

Mr. GRIGGS. Mr. Webb, you live in Lowndes County, do you not?

Mr. WEBB. Yes, sir.

Mr. GRIGGS. Near the line of Berrien County?

Mr. WEBB. Yes, sir.

Mr. GRIGGS. Lowndes County lands produce more than 100 pounds of lint cotton to the acre, do they not?

Mr. WEBB. Yes, sir.

Mr. GRIGGS. They produce from 200 to 300 pounds, do they not?

Mr. WEBB. No, sir.

Mr. GRIGGS. About how much do they produce?

Mr. WEBB. We average a bale to about 3 acres; that is our average, a bale to every 3 acres.

Mr. GRIGGS. You mean a bale of 300 pounds?

Mr. WEBB. Our average weight in Georgia is about 350 pounds.

Mr. GRIGGS. That would make 116 pounds to the acre?

Mr. WEBB. Yes, sir.

Mr. GRIGGS. You do not make any more than that in Lowndes County?

Mr. WEBB. Well, we can make more. I am talking about an average. That is a fine average.

Mr. GRIGGS. Do not the good farmers of Lowndes County make more than 116 pounds to the acre?

Mr. WEBB. They can make more than 116 pounds, but it will take an unusual amount of fertilizer; the cost of fertilizer will be unusual.

Mr. GRIGGS. Do not the farmers in Berrien County—you are acquainted in Berrien County, I suppose?

Mr. WEBB. Yes, I am.

Mr. GRIGGS. Do not they make more than 116 pounds to the acre?

Mr. WEBB. About the same average, sir.

Mr. GRIGGS. How much short cotton do they make?

Mr. WEBB. Some of their lands will make as much short cotton and some of it more. All of the land that grows sea island cotton will not grow short cotton successfully.

Mr. GRIGGS. I understand that; but you do make more, on the average, in the county of Berrien; you make more, on the average, in that county than 116 pounds, do you not?

Mr. WEBB. No, sir.

Mr. GRIGGS. You are certain of that?

Mr. WEBB. Yes; I am certain of it. We can make more by applying more fertilizer.

Mr. GRIGGS. You made some reference just now to a suggestion of mine to the gentleman from Florida that he should try to decrease the cost of production.

Mr. WEBB. Yes, sir.

Mr. GRIGGS. You referred to the fact that if we went up and down the rows with you we would come to the conclusion that the cost of production could not be decreased. Did you not know I was referring entirely to the ginning proposition?

Mr. WEBB. I did not know what you were referring to.

Mr. GRIGGS. I was discussing ginning at the time.

Mr. WEBB. I understood you to say the cost of production. We do not consider ginning producing.

Mr. GRIGGS. Do you think it costs \$21 an acre to cultivate land in Lowndes County?

Mr. WEBB. No; it does not cost \$21 to cultivate it; but it costs about \$21, that is about the average, to cultivate it and pick it.

Mr. GRIGGS. Do you know anything about the growth of short cotton?

Mr. WEBB. A little.

Mr. GRIGGS. What does it cost an acre to grow short cotton?

Mr. WEBB. It costs about one-half as much.

Mr. GRIGGS. Just about one-half?

Mr. WEBB. Yes.

Mr. GRIGGS. While long staple cotton costs \$21 an acre, short cotton would cost \$10.50 an acre?

Mr. WEBB. Just about that. That is about an average.

Mr. CLARK. What did you raise on this land before you commenced to raise cotton on it?

Mr. WEBB. We raised corn and pease and potatoes.

Mr. GRIGGS. You can grow the finest corn in the world there, can you not?

Mr. WEBB. Fine corn; yes, sir.

Mr. CLARK. Did you make money raising corn and pease and potatoes?

Mr. WEBB. No; we have not made any money in that. We want to make some money.

Mr. CLARK. It is very strange you do not make any money raising corn and potatoes, and so forth, if you have got the best corn land in the world, when other people make money raising corn and those other things.

Mr. WEBB. We haven't got the best corn land in the world.

Mr. CLARK. You just answered Mr. Griggs that you had the best corn land in the world.

Mr. WEBB. I didn't say in the world; I said good land.

Mr. CLARK. But it is good land?

Mr. WEBB. Yes.

Mr. CLARK. And you can not make any money on it?

Mr. WEBB. No, sir.

Mr. CLARK. And corn is worth 55 or 60 cents a bushel in the corn country?

Mr. GRIGGS. It is worth \$1 in Georgia.

Mr. CLARK. I suspect that is true. I was talking about the great corn belt. How much corn do you raise to the acre on that land?

Mr. WEBB. Well, according to the amount of fertilizer we put on it.

Mr. CLARK. Putting a reasonable amount on it; the amount you did put on, how much corn did you make?

Mr. WEBB. We can make, by putting \$10 of fertilizer to the acre, from \$10 to \$12 or \$15 worth of corn. [Laughter.]

Mr. CLARK. How many bushels of corn do you raise to the acre?

Mr. WEBB. Our average is 10 bushels.

Mr. CLARK. Well, did you make money raising corn?

Mr. WEBB. No; we did not.

Mr. CLARK. Do you make money raising this cotton?

Mr. WEBB. We could if we could get what we wanted.

Mr. CLARK. If somebody would make you a present of a lot of money and you would call that raising cotton, you would make money?

Mr. WEBB. We would appreciate it very much.

Mr. CLARK. Why don't you go to raising something on that land that you can make money on?

Mr. WEBB. If you will inform us what we can raise, perhaps we will.

Mr. CLARK. Why don't you give the land away, then, if you can't make money on it at all?

Mr. WEBB. A poor home is better than none.

Mr. CLARK. There is plenty of good land in the United States that you can get for entering.

Mr. WEBB. If we could get to be Congressmen we might be able to get it. [Laughter.]

Mr. CLARK. You think it is a lucrative job to be Congressman, do you?

Mr. WEBB. It seems to us it is a very easy matter. [Laughter.]

Mr. CLARK. Why does it seem so to you?

Mr. WEBB. Because we can not see anything that he does. We are asking him to do something now.

Mr. CLARK. You want Congress to give you something. Now, give a reason why Congress should give you 10 cents a pound on long staple cotton?

Mr. WEBB. Because it has protected other interests, and if it is going to protect the manufacturers—

Mr. CLARK. Suppose they turn the thing around the other end foremost and take off the protection on some of those things, how would that strike you?

Mr. WEBB. That would be better for us; it would be more equal.

Mr. CLARK. Why didn't you come here and honestly ask that, if you are being skinned by this tariff system and would like some of the tariff to be taken off?

Mr. WEBB. Because we are not going to lie about it. [Laughter and applause.]

Mr. CLARK. I want to make a remark to you gentlemen. If you think you can yell me down, you have struck the wrong man. I make that remark to apply to some of the members of this committee as well as these men back here.

It has not been five minutes since you said if you could have the tariff reduced it would make it more equal.

Mr. WEBB. I said it would be better. I did not say I wanted it done.

Mr. CLARK. Then what do you want?

Mr. WEBB. I want a tariff on Egyptian cotton. That is exactly what I want.

Mr. CLARK. Where they can raise this cotton—

Mr. WEBB. I think the most—

Mr. CLARK. Wait a minute. Where they raise this cotton, where there is good long-cotton land, how much do they make to the acre?

Mr. WEBB. Our average is a bale to every three acres.

Mr. CLARK. I am not talking about average. I am talking about the country where long cotton is raised.

Mr. WEBB. Well, I intended or expected to be representing that section.

Mr. CLARK. I do not think you do; if you can only make 100 pounds of this cotton to the acre, you have no business raising it. How much do they make where that is the business of the country? There must be some country where they make it.

Mr. WEBB. Maybe in Egypt, sir.

Mr. CLARK. How much do they raise to the acre?

Mr. WEBB. I don't know, sir.

Mr. CLARK. All you do know is you want Congress to give you 10 cents a pound on this cotton?

Mr. WEBB. I know I know that.

Mr. CLARK. And you want that because other people are getting a "divvy" also?

Mr. WEBB. I want that just because I want it.

Mr. CLARK. And there is not anything on earth you can raise on that land and make money on unless somebody gives you a bonus.

Mr. POU. Do you believe in the principle of protection?

Mr. WEBB. Of course I do.

Mr. COCKRAN. Is there any use to which you could put this land that would make your community self-supporting?

Mr. WEBB. Well, yes, sir; it might be self-supporting; as long as we are able to make hog and hominy, as we call it, we will be self-supporting.

Mr. COCKRAN. It is self-supporting now, then?

Mr. WEBB. Yes, sir.

Mr. COCKRAN. So what you want is to make a profit at the public expense?

Mr. WEBB. Make a profit, that is all.

Mr. COCKRAN. You can live by your own labor?

Mr. WEBB. Yes, sir.

Mr. COCKRAN. But you can make a profit by getting the benefit of taxation?

Mr. WEBB. Yes, sir.

Mr. COCKRAN. That is very simple.

STATEMENT OF MR. J. T. PRICE, OF WADE, FLA.

Mr. Chairman and gentlemen of the committee, I am a practical cotton raiser in the sea island district of Florida. I will ask you if you desire to ask me any questions, as the ground has been pretty well covered by the gentlemen who preceded me. My principal business is growing sea island cotton.

Mr. GRIGGS. In what portion of Florida?

Mr. PRICE. In Alachua County.

Mr. GRIGGS. In what portion of the State is that?

Mr. PRICE. It is near Gainesville. We call it east Florida.

Mr. GRIGGS. You have some pretty good lands in Alachua County, have you not?

Mr. PRICE. We have good land; yes.

Mr. GRIGGS. Better than Columbia County?

Mr. PRICE. I do not know as it is. We have some hammock lands and pine lands.

Mr. GRIGGS. Do you grow any oranges in Alachua County?

Mr. PRICE. Yes, sir; I have some oranges.

Mr. GRIGGS. Oranges pay much better than cotton, do they not?

Mr. PRICE. I do not think they paid this last winter.

Mr. GRIGGS. I mean as a rule.

Mr. PRICE. As a rule they do; yes. They did not pay us, because we got killed out by the frost, and we have not tried to reproduce them.

Mr. GRIGGS. I make a distinction between the agriculturist and the farmer. What are you?

Mr. PRICE. I am a farmer. If you are an agriculturist, you are the man that has the farming done for you.

Mr. GRIGGS. Do you not make more than a hundred pounds to the acre?

Mr. PRICE. Yes; I do.

Mr. GRIGGS. What do you make?

Mr. PRICE. I think the average, one year after the other, will be 150 pounds of lint cotton.

Mr. GRIGGS. You can not make any more than that?

Mr. PRICE. Some years I can and some years I will not make any more.

Mr. GRIGGS. I mean as an average.

Mr. PRICE. No; I don't think we can under present conditions.

Mr. GRIGGS. What is land worth in Alachua County, on the average?

Mr. PRICE. On the average about \$12.50 an acre. That is for cotton. Our hammock lands are worth a great deal more, but sea island cotton will not grow on hammock lands—on rich hammock lands suited to the growing of corn and early vegetables. Sea island cotton will not grow on that land.

Mr. CLARK. I did not catch your name.

Mr. PRICE. Price.

Mr. CLARK. And you live at Gainesville?

Mr. PRICE. No, sir; I live near Wade.

Mr. CLARK. Can you raise lettuce on this land that you raise long staple cotton on?

Mr. PRICE. No, sir; lettuce requires a very damp, heavy soil, and sea island cotton will not grow on that kind of land.

Mr. CLARK. Can you raise vegetables?

Mr. PRICE. Not in paying quantities; no.

Mr. CLARK. How far is your place from Gainesville?

Mr. PRICE. Twenty-two miles.

Mr. CLARK. The reason I ask you about lettuce is that I was told when I was down there that they made \$5,000 an acre on lettuce.

Mr. PRICE. That might happen once in twenty years, and possibly the next year the fellow would lose \$1,000 an acre. They do not make money every year with lettuce. It is only the damp, wet land that is suitable for lettuce.

Mr. CLARK. What is this land that you raise the long-staple cotton on? Did you say it was the hammock land?

Mr. PRICE. No; I said the rich hammock land would not grow the cotton. We use the pine land, not too poor—

Mr. CLARK. Can you raise anything else on that land?

Mr. PRICE. I do do it.

Mr. CLARK. Do you raise paying crops on it?

Mr. PRICE. Yes; some of them I do.

Mr. CLARK. If you can raise paying crops and some other kind and this sea-island cotton does not pay, then why do you not quit raising the sea-island cotton and go to raising the crops that do pay?

Mr. PRICE. If I did, it would make an overproduction of the things I would raise, and then they would not pay, just the same as the sea-island cotton.

Mr. CLARK. What is it you raise, if you do not raise the sea-island cotton?

Mr. PRICE. Hogs, sugar cane, and sweet potatoes. Those are paying crops, because I live near the mines and there is a good local market for those things.

Mr. CLARK. There is no oversupply of hogs in the United States, is there?

Mr. PRICE. There would be in Florida if we raised very many more hogs.

Mr. CLARK. They make tiptop meat out of that Florida hog, do they not?

Mr. PRICE. I do not hardly know what you call tiptop meat.

Mr. CLARK. Well, first-class meat.

Mr. PRICE. Our meat that we grow in Florida, we market the pork in from 80 to 100 pound shoats. That will make lean pork for the fresh meats.

Mr. CLARK. It is the very best hog meat that can be obtained, is it not?

Mr. PRICE. That is the best we get in that country.

Mr. CLARK. As a matter of fact, the razor-back hogs are the best sort of meat, and that is the kind of hog you grow, is it not?

Mr. PRICE. No; we do not grow the razor-back hog.

Mr. CLARK. As a matter of fact, those Florida hogs make a better article for bacon, pound for pound, than the big hogs that we raise in the Mississippi Valley.

Mr. PRICE. No; not if you kill yours as young as we kill ours.

Mr. CLARK. We kill ours at 9 months old, and they weigh 200 to 300 pounds.

Mr. PRICE. Our land is too poor; ours do not grow that fast. Our land is too poor to feed them that well; ours do not grow that fast.

Mr. CLARK. The quality of the land does not have anything to do with what your hogs will weigh, does it?

Mr. PRICE. We can not make them weigh that with the feed we give them.

Mr. CLARK. What I was trying to arrive at honestly is, is there anything you can raise down there now that will pay you better than this long-staple cotton.

Mr. PRICE. If I understand you, for the whole country to grow it, or do you just mean one man? I will say for the whole country, no, there is not anything.

Mr. CLARK. I do not mean one man, and I do not mean the whole country, but that neighborhood or vicinity that you live in.

Mr. PRICE. That vicinity. We live near the phosphate mines, and we grow all the pork that can be consumed, and we grow some cotton, too.

Mr. CLARK. Why do you not raise more pork?

Mr. PRICE. Because there would not be any market for it.

Mr. CLARK. I mean why do you not raise more than you can use locally. Pork is a thing that can be shipped all over the country. Why do you not go into that business?

Mr. PRICE. We could not get a market close at home that would pay us. We sell it at 6.50 cents to 7 cents dressed. If we had to pay a freight on it we could not afford it.

Mr. CLARK. I will ask you another question about Florida, because I like the people and am very much interested in it.

Why don't you people down there, instead of trying to raise these fancy things, go into raising stock—hogs, sheep, mules, horses, and cattle?

Mr. PRICE. Well, they are gradually branching out.

Mr. CLARK. I am glad to hear that.

Mr. PRICE. We are trying to do it, but we have not got the money; we are poor people; we haven't the money to build big barns and buy fancy cattle.

Mr. CLARK. I am not talking about fancy cattle. I will tell you why I ask that question. There are some of my constituents who are running a mule and horse establishment at Jacksonville. I went down there and was very much pleased with what they were doing, and I asked them what was the reason that Florida, instead of importing mules and horses and cattle, did not go to raising them, and my friends said that twenty years from now, if they would go at it, they would be exporting everything of that sort instead of importing them.

The CHAIRMAN. You do not raise much grass there, do you?

Mr. PRICE. Yes; we raise hay in the vegetable localities.

The CHAIRMAN. But it is not like the grass in the Mississippi Valley?

Mr. PRICE. No.

Mr. CLARK. Is it true that these velvet beans, which you can grow, will fatten cattle just as quickly as clover will fatten them?

Mr. PRICE. I do not know what clover will do, but those velvet beans will fatten them; yes.

Mr. CLARK. That is what they told me, that those velvet beans would fatten cattle and horses faster than clover.

Mr. COCKRAN. Would you allow me to ask a question or two, as a practical man, as to the cost of producing this cotton?

Mr. PRICE. Certainly.

Mr. COCKRAN. You are not engaged in this business yourself?

Mr. PRICE. Yes, sir.

Mr. COCKRAN. That is your chief business?

Mr. PRICE. Yes, sir; cotton is the biggest crop we have.

Mr. COCKRAN. You get 125 pounds to the acre on the average, you say?

Mr. PRICE. Yes, sir.

Mr. COCKRAN. And that is a fair return from the cultivation of the land?

Mr. PRICE. Not at the present prices; no, sir.

Mr. COCKRAN. I mean in quantity, not in price; 125 pounds is about a fair average yield of a properly cultivated farm, 125 pounds to the acre?

Mr. PRICE. It will not average that. Land through that country will not average that much.

Mr. COCKRAN. Your production, I am referring to?

Mr. PRICE. My own farm will average that; yes, sir.

Mr. COCKRAN. That is the one of which you have the utmost knowledge, is it not?

Mr. PRICE. Yes, sir.

Mr. COCKRAN. How much does it cost you to cultivate that land?

Mr. PRICE. It costs me about \$20 or \$21 to cultivate that land.

Mr. COCKRAN. I understand; we have had that; but I want the items of it.

Mr. PRICE. You want the items?

Mr. COCKRAN. Yes. In the first place, what are the elements of cultivation? There is plowing?

Mr. PRICE. First, there is preparing the land.

Mr. COCKRAN. That is, plowing?

Mr. PRICE. Yes; breaking the land.

Mr. COCKRAN. What is next?

Mr. PRICE. Planting.

Mr. COCKRAN. And cultivation?

Mr. PRICE. The next is cultivation; yes, sir.

Mr. COCKRAN. Those are the elements. And then harvesting?

Mr. PRICE. You know we fertilize—

Mr. COCKRAN. That comes under the head of cultivation, does it not?

Mr. PRICE. That comes under the head of expense, all right.

Mr. COCKRAN. Plowing, planting, cultivation, fertilizing, and harvesting?

Mr. PRICE. Housing.

Mr. COCKRAN. That is harvesting. But we will put it separately; we will call it housing.

Mr. GRIGGS. It is the same thing.

Mr. COCKRAN. Now, how much do you assign for the plowing, per acre?

Mr. PRICE. You mean at each plowing?

Mr. COCKRAN. I mean to say, how much will it cost you to plow one acre of that ground; how many days to begin with will it take you to plow an acre of ground?

Mr. PRICE. It is according to how we plow it.

Mr. COCKRAN. I mean as you do plow it.

Mr. PRICE. A man and a good mule will plow about 2 acres a day.

Mr. COCKRAN. One acre in one-half a day. And what is the rate of wages for that plowing?

Mr. PRICE. I do not understand.

Mr. COCKRAN. How much do you pay the laborer who plows the land?

Mr. PRICE. About \$1.25 an acre.

Mr. COCKRAN. And if he plows 2 acres in a day, you would pay him about 62 cents to the acre?

Mr. PRICE. And your mule's expenses.

Mr. COCKRAN. How much would be the wear and tear on the mule?

Mr. PRICE. The wear and tear on the mule would not amount to anything, but you would have the cost of feed; that is something; and you would have to buy your mule. Our mules cost about \$200, on an average.

Mr. COCKRAN. But the expenditure of mule energy upon an acre would not amount, at the outside—

Mr. PRICE. I would have to get some one to figure that for me.

Mr. COCKRAN. I think we can figure it together. If you come to tell us what it costs to cultivate an acre of land, of course you must give us the items, so we can verify. It would be quite liberal to allow 38 cents per acre for the expenditure of mule energy, including the sustenance of the animal, would it not?

Mr. PRICE. No; I think it will cost you more than that at the price of feed in Florida. It would cost you more than 38 cents a day.

Mr. COCKRAN. I say 38 cents for half a day. That would be 76 cents a day.

Mr. PRICE. That would be about fair, I think.

Mr. COCKRAN. It would be 38 cents for mule energy and sustenance. Now, that is preparation. Now for the planting. How much would the planting cost per acre?

Mr. PRICE. The planting of an acre would cost, possibly, in distributing the fertilizer—

Mr. COCKRAN. No; we will come to that, but put that in if you like; perhaps you had better take the fertilizer separately. How much fertilizer do you use to an acre?

Mr. PRICE. I use from 200 to 400 pounds.

Mr. COCKRAN. Four hundred pounds to an acre?

Mr. PRICE. From 200 to 400 pounds.

Mr. COCKRAN. But there is a great difference between 200 pounds and 400 pounds. Which is it?

Mr. PRICE. It varies. On some parts of my farm I put more fertilizer than I do on others.

Mr. COCKRAN. What would you average?

Mr. PRICE. It would average about 300 pounds.

Mr. COCKRAN. And how much is it per pound?

Mr. PRICE. About \$24 a ton.

Mr. COCKRAN. A little less than 2½ cents per pound—about 2 cents a pound. I mean a standard ton?

Mr. PRICE. Yes, sir.

Mr. COCKRAN. That would be 2 cents a pound, and 300 pounds—

The CHAIRMAN. That would be a little over a cent a pound.

Mr. COCKRAN. Oh, yes. Say \$3 for fertilizer.

Mr. PRICE. That is what I estimate that it costs us for fertilizer, about \$3 an acre.

Mr. COCKRAN. How much for the planting, the distribution of the seed, and the fertilizer—how long would it take to do that on an acre?

Mr. PRICE. It would take—he would possibly go over 5 or 6 acres a day.

Mr. COCKRAN. One man?

Mr. PRICE. One man.

Mr. COCKRAN. And that man you would pay \$1.50 a day.

Mr. PRICE. You understand that you have a man and a mule on your fertilizer and a man and a mule to sow your seed.

Mr. COCKRAN. What does it cost, taking the seed, an acre? You have 2 men and 2 mules?

Mr. PRICE. And the seed is about 75 cents an acre.

Mr. COCKRAN. Let us get at one thing at a time. Let us take the number of men and mules. The seed we will come to afterwards. Am I correct about this? For the planting of each acre of ground you have 2 men and 2 mules?

Mr. PRICE. Yes.

Mr. COCKRAN. And they do about 3 acres a day?

Mr. PRICE. No; about 5 acres a day.

Mr. COCKRAN. So you have got one-fifth of 2 men and one-fifth of 2 mules for each acre?

Mr. PRICE. Yes, sir.

Mr. GRIGGS. How wide apart are your rows?

Mr. PRICE. About 4 feet; from 4 to 5 feet.

Mr. GRIGGS. You can not plant over 5 acres a day?

Mr. PRICE. We do not get over that on an average from our negro labor.

Mr. GRIGGS. Four feet apart?

Mr. PRICE. Yes, sir.

Mr. GRIGGS. You do not get over 5 acres a day?

Mr. PRICE. On an average. I have had them plant 8 acres, and I have had them do less than 5 acres.

Mr. GRIGGS. Will you not average 6 or 7 acres a day?

Mr. PRICE. Taking a crop of 100 acres?

Mr. GRIGGS. Yes.

Mr. PRICE. I do not think you would.

Mr. COCKRAN. That would make it about \$1.80 an acre for the two men and the two mules, on that basis?

Mr. PRICE. If they do 5 acres a day. Then you want to add your seed.

Mr. COCKRAN. Well, the seed. How much does the seed cost per acre?

Mr. PRICE. I suppose about 50 cents an acre would be an average fair price for it.

Mr. COCKRAN. Now, we have got the planting, the mules, the seed. How much cultivation do you do in the course of a year per acre?

Mr. PRICE. That is rather hard to get at. I plow my cotton, try to have it plowed, once a week.

Mr. COCKRAN. How long is it growing?

Mr. PRICE. From March until the 1st of September.

Mr. COCKRAN. That would be about twenty-five weeks?

Mr. PRICE. About that; yes, sir.

Mr. COCKRAN. How long does it take to plow 1 acre?

Mr. PRICE. Under the system of farming that I employ it would be about 5 or 6 acres a day.

Mr. COCKRAN. Is that the usual number of acres plowed per day? Is not that extraordinary to plow once a week?

Mr. PRICE. Yes, sir.

Mr. COCKRAN. Is it not usual that they plow only once in four weeks?

Mr. PRICE. Yes; but the people who plow that way do not raise as much as the people who plow oftener.

Mr. COCKRAN. Plowing once per week is quite unusual?

Mr. PRICE. Yes, sir; but under the system that I employ it is once a week.

Mr. COCKRAN. And 5 acres per day?

Mr. PRICE. Yes, sir.

Mr. COCKRAN. So that each week that amounts to about 60 cents?

Mr. PRICE. Yes.

Mr. COCKRAN. According to that, it would make \$15 for the cultivation?

Mr. PRICE. That is higher than I would put it.

Mr. COCKRAN. Will you give us the statement about that? Of course, I understand that you are speaking without proper reflection. We would be glad if you would show the cost of cultivating each acre.

Mr. PRICE. Yes, sir; I have that statement prepared, or a gentleman with me has it.

Mr. COCKRAN. Does it show items per acre according to the question which I have been propounding?

Mr. PRICE. Yes, sir. If you will excuse me a moment I will endeavor to get it; but I believe the gentleman who has it has left the room temporarily.

Mr. COCKRAN. You are able to support yourself, are you not? You are able to make a living?

Mr. PRICE. Yes; I am, with the other crops.

Mr. COCKRAN. Including this crop?

Mr. PRICE. Yes; but if I were to grow cotton alone I do not think that I could exist.

Mr. COCKRAN. Are you cultivating it at a loss?

Mr. PRICE. Oh, no; but I am growing cotton as a money crop. I work principally on the tenant system. I furnish the tenants with provisions, and they grow the crop and pay me in cotton.

Mr. COCKRAN. Do you raise the other crops at a profit and raise this one at a loss? Do I understand that to be the situation?

Mr. PRICE. I did for the last two years.

Mr. COCKRAN. Then what is your object in raising cotton?

Mr. PRICE. I hoped that it would go higher, but instead of that it has gone lower.

Mr. COCKRAN. The price of cotton having gone lower than you calculated, your crop shows a loss?

Mr. PRICE. Yes, sir.

Mr. COCKRAN. Does not that often happen in every crop?

Mr. PRICE. Yes, sir; it frequently happens.

Mr. COCKRAN. Then you do not agree with the last gentleman, the gentleman who is quoted as an eminent authority on political economy in the State of Florida, Mr. Jim Wickerson, to use his own term; and perhaps I should say the Hon. James Wickerson?

The CHAIRMAN. Well, proceed with your question.

Mr. COCKRAN. Do you agree with him that the average farmer is self-supporting?

Mr. PRICE. Not under present conditions.

Mr. COCKRAN. Then you think you can not live under the present conditions?

Mr. PRICE. No, sir. You take the country as a whole, the people can not live for the prices they are now getting for cotton, and they are in favor of the duty.

Mr. COCKRAN. Don't you think that the condition at this time is rather exceptional?

Mr. PRICE. It is growing worse, because the cost of production has grown higher.

Mr. COCKRAN. You say that prices are going up?

Mr. PRICE. No, sir; I say that the cost of production is going up.

Mr. COCKRAN. You say that the cost of production is going up rapidly and prices are not?

Mr. PRICE. I think that the cost of production is going up a little faster than prices are.

Mr. COCKRAN. How much is the average cost of living under present conditions?

Mr. PRICE. I have no means of knowing that.

Mr. COCKRAN. Has not the price of cotton doubled in the past fifteen years?

Mr. PRICE. No, sir; it has not.

Mr. COCKRAN. Do you know what the cotton crop of 1894-95 was?

Mr. PRICE. I do not remember.

The CHAIRMAN (to Mr. Cockran). I do not think we should proceed along this line any further.

Mr. COCKRAN. I am simply asking him the question as to the prices which he received for this product.

The CHAIRMAN. He says that he can not recollect. I can furnish that or we can get it elsewhere.

Mr. COCKRAN. Do I understand you to say, unassisted by the remarks of the chairman, that you are carrying on this business of the production of cotton at a loss and you are anxious that we shall put a tax on the commodity so that you can turn your loss into a profit?

Mr. PRICE. We want you to put a tax upon the Egyptian cotton in order to keep it from competition with our cotton.

Mr. COCKRAN. So as to enable you to get such a price as to produce it at a profit?

Mr. PRICE. Yes, sir.

Mr. GRIGGS. Are you not growing cotton as a surplus crop?

Mr. PRICE. Not altogether. I plant as many acres of cotton as I think I ought to, just as I do in other products.

Mr. GRIGGS. You make a living at home, and cotton is a surplus after you obtain your living?

Mr. PRICE. Yes, sir; after making provisions for my farm.

STATEMENT OF THE HON. WILLIAM B. LAMAR, A REPRESENTATIVE FROM THE STATE OF FLORIDA.

Mr. Chairman and gentlemen of the committee, I appear before your committee in behalf of certain of my constituents who are engaged in the business of raising this long-staple cotton. I am a Democrat and represent a Democratic State, with protection proclivities for Florida products.

I have presented to this committee, so that there might be no question about it, statistics showing how near to the line of prosperity and how far away from the line of poverty the average farmer in Florida is. I understand that under the beneficent system of protection, to use Republican language, the industry of beet sugar is vieing with the manufacturer in the East as to how many people in those particular industries can ride in automobiles. Under the doctrine

of protection, if it is credited with its full force, it has the power through legislation to raise the price of an article to the producer.

Under the influences of the Dingley tariff unquestionably the price of tobacco was raised in my district and in the southern part of Georgia, where they have grown a tremendous amount of domesticated Sumatra tobacco. Under that element of protection afforded our people many of those engaged in that business in my district and the vicinity have gotten rich. If that be true, then, and if the American people have continuously, for quite a number of presidential elections, emphasized the point that they will not depart at present from that theory, and have declared that it is a reasonable and honest proposition that they can by legislative protection raise prices to the American producers, then I ask the benefit of that system on a crop in my State that can be made a highly remunerative article of commerce—an article that is American-grown and grown in a limited area and confined to certain American geological sections. I state that the Egyptian article does come into direct competition with this cotton raised in Florida, Georgia, and other sections. That cotton raised in this country is known as the long-staple cotton. This is just the whole of it.

The beet sugar people come here and contend strenuously for a tariff on their product against Philippine sugar, and therefore in reference to this staple I stand squarely on the ground that since the American people have not departed from the principle of protection to American industries, then, as a representative from a State which raises an article which will be directly in competition with an article from Egypt, raised with Egyptian labor and skill and science, I simply want to say that so far as this article is concerned I want to vote against that Egyptian cotton so as to prevent its importation into this country. So long as that policy is to be continued I want a reasonable protection to the people of my district and I want them to get the advantages inuring to the people of the North and West through this protective policy.

I am not going to make a tariff speech. I will leave that to the extra session. I am planting myself squarely upon that proposition for the people of Florida and southern Georgia in reference to this article which is strictly American, so that the article can be made more profitable to the farmer.

It is superfluous and unprofitable for the members of this committee on either side of the chairman to ask as to how much the farmers of Florida and southern Georgia can stand in the way of competition before they are driven out of business. I know of the conditions in my district. I do not know of a single farmer raising this long-staple cotton that is up-to-date with a twentieth century crop. I am somewhat acquainted with the State represented by my distinguished friend, Mr. Clark, a member of this committee. I know that the condition of the cotton raisers is that of semi-independence. I mean by that that they do not possess any of what might be called the luxuries of life, and yet they are not fit subjects for the poorhouse. They are not fit to be committed for vagrancy. These suggestions are sometimes thrown out when we are on the stump. There is but one class of men who are making a profit on beet sugar; I mean the men of the Northwest; in our section the only ones who are

doing well are the tobacco men, and I can see them getting along well right under my own eyes. I ask this for my State because the beet-sugar people are protected and the tobacco people are protected in my State under this protective policy. This convention of farmers believe it is necessary that this protection be placed upon this article to insure them a reasonable profit for their agricultural labor and in the furtherance of an expanding industry—such protection as will, if you want to know it, increase prices on that article to the farmer to enable him to employ his labor at a profit. This will give the farmer pay for his labor, plus a profit to the laborer he employs.

It is unnecessary to argue the question from the standpoint of a Republican or a Democrat. My State is solidly Democratic, but as long as the American people continue this protective system, I want it adjusted so that it will not swindle anybody. This I ask, in addition to cotton, for the citrus fruits in my State, the tobacco, pine-apples, and early vegetables; and we will be coming before this committee, if necessary, unless sentiment changes, asking this committee, both the minority and majority, whether Republicans or Democrats, that they will grant to our people just the same protection as they grant to the beet sugar people or to the people of any other industry, whether it be steel or any other product, that the majority of this committee may represent in their sections.

Mr. GAINES. Suppose there should come out of this committee two bills, one containing the protection that you ask for now, and the other a bill for revenue only, which one would you support?

Mr. LAMAR. I would support the one granting protection to cotton. I had a bill before this committee to that effect. I will answer some questions propounded by my distinguished friend from Missouri, Mr. Clark, and say that you should protect our citrus fruit. When the committee begins slashing the duty on steel or on zinc made in the State of Missouri, or when the committee begins slashing, either horizontally or perpendicularly, any other article, then it will be all right to hit an article grown in my State.

Mr. CLARK. I am not in favor of a tariff on zinc.

Mr. LAMAR. Then you are opposed to your own church. Have your ministers not prayed to the Lord that zinc be protected?

Mr. CLARK. I am not favorable to the action which has been adopted by a few preachers down at Carthage and Joplin who committed sacrilege when they prayed to the Lord in the name of religion for a tariff on zinc, thus putting religion into disrepute.

Mr. LAMAR. I would hate to buck the ecclesiastics.

Mr. CLARK. I will buck that sanctimonious crowd down at Carthage and Joplin.

Mr. LAMAR. I do not know but what they may be right.

Mr. CLARK. They may be and they may not be. I simply put in these remarks so that I will not be accused of favoring a tariff on what happens to be raised in my district, to favor somebody else's tariff. Can they raise tobacco on this particular soil on which they now raise cotton?

Mr. LAMAR. I think not. The land that is adapted to cotton is adapted to it specifically and will not raise anything else as well. That is true just as certainly as that they can produce anthracite or bituminous coal in certain sections of Pennsylvania.

Mr. CLARK. Can they raise anything else except cotton?

Mr. LAMAR. Yes; they raise peas, beans, and the ordinary agricultural crop.

Mr. CLARK. Are those profitable?

Mr. LAMAR. I will answer that by saying that this is the concrete view of the condition of the people living there. They are semi-independent, no more and no less.

Mr. POU. I agree with what you say, that there is more justification for protecting the farmer than there is for the protection of any other industry, but I am not going to vote to protect anybody. If these other industries that you have mentioned were not protected, would you be here asking for a duty for this sea island cotton?

Mr. LAMAR. I would answer that question by saying that that is a matter that has involved parties in discussion in this country for nearly eighty years. I simply say that so long as the country has pronounced in favor of protection generally, we want a square deal, and we want a protection for our cotton.

I do not care anything about political platforms. If there is anything in the Denver platform which is against Florida, I am against that platform, and after the election, the people having ratified the Republican platform, I am for that pronouncement for my section.

Mr. HILL. Do these people in the South raise more than one crop of this staple?

Mr. LAMAR. I understand that they begin to plant early in the season.

Mr. HILL. Can you give the committee any idea as to the cost of this product as compared with the cost of the Egyptian cotton?

Mr. LAMAR. I will file some data on that subject as early as possible.

Mr. HILL. You are aware that land in Egypt is worth about three times as much as your land in Florida; and in Egypt labor is as high if not higher. I know something about that, because I was there last year.

Mr. LAMAR. I am not thoroughly posted on what you might call the exact status of the Florida farmer and as to how far he may be raised above the line of poverty.

Mr. HILL. They raise three crops in Egypt.

Mr. LAMAR. And we raise only one.

Mr. COCKRAN. I do not think they raise three crops of cotton.

Mr. HILL. No; not of cotton, but the rate of wages is higher in Egypt.

Mr. LAMAR. I do not know whether that is true or not. They raise three crops to our one. I want to make only one further point, and that is that I understand that the President-elect has declared for a tariff on pottery made in his own State.

Mr. HILL. Do you know anything with respect to the cost of the product here? It seems to me that you ought to be able to furnish the cost of the product, so that we can be able to judge of it.

Mr. LAMAR. I will do that at an early date. The doctrine of the Republican party has been that American industries can be expanded under a protective tariff, and that it will result in direct good to the producer and consumer; and I simply make an appeal for that treatment for this article and others grown in the States of Florida, Georgia, and North Carolina, which States have not at the present time sufficient margins between the costs of production and the prices

as against foreign competition. They simply ask a sufficient amount to guarantee some profit over and above the cost of production as against the foreigner. If the minority of the committee are not in favor of this proposition I should be pleased to have the majority consider it.

Mr. HILL. Has it ever been proposed to grow this sea-island cotton anywhere else in order to meet the demand?

Mr. LAMAR. I am told that they raise 5,000 bales of this cotton to-day in my State, and that they have not sufficient profit on the article to meet the cost of production.

Mr. HILL. What you ought to do would be to step in and regulate the middleman.

The CHAIRMAN. While Mr. Price and the other gentlemen who spoke are here I would like to say that if possible they should give us the detailed cost per pound of raising cotton in Florida for the year 1907. We would like to have that data near the close of the week.

Mr. CLARK of Florida. We will be able to furnish satisfactory evidence to sustain our claim made here to-day.

(Thereupon, at 1 o'clock p. m., the committee took a recess until 2 p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
December 1, 1908.

(The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.)

Mr. COCKRAN. I would like to recall Mr. Lamar for just one question.

The CHAIRMAN. Is Mr. Lamar present? Mr. Lamar does not seem to be present, and we will hear Mr. Lippitt.

STATEMENT OF MR. H. F. LIPPITT, OF PROVIDENCE, R. I.

Mr. LIPPITT. Mr. Chairman, I have come here as a member of the Arkwright Club, of Boston, which represents a large number of the cotton spinners of New England, to say a few words to you in regard to the cloth schedule of the cotton tariff—the cloth schedule only—and I will say that we ask that the present cotton-cloth schedule shall not be reduced, because when it was enacted it was the result of a careful inquiry into the conditions of the cotton-manufacturing trade, and because the conditions that have arisen since its enactment have not made it more protective than it was meant to be, but, in fact, just the opposite. The cost of making goods has been continually rising. Both the chief elements of cost—cotton and labor—have shown this tendency, as well as the minor features of general supplies. During the active year of 1907 cotton, in a general way, may be said to have cost 12 cents per pound in New England as against, perhaps, 8 cents a few years ago, which with waste out would make an increase of $4\frac{1}{2}$ cents per pound in the goods, about 50 per cent higher. During the same period we were paying about 30

per cent more for labor than at the lowest point, and some 12 per cent higher than New England has ever paid. Moreover, during the recent depression labor has only been reduced about 12 per cent, leaving it 15 to 20 per cent higher than in previous similar conditions, and this, too, in spite of the fact that this has been perhaps the most acute curtailment the trade has ever experienced, at least since the war.

Other features have also increased our labor charge, particularly legislation regarding the employment of women and minors, and limiting the hours of employment. The effect of higher cost on the present schedule is to reduce the margin of protection. Another feature that tends to reduce our protection materially, and that I think is generally overlooked, is the quicker and cheaper communication and transportation that is all the time being brought about with foreign countries. Time required to consummate a sale and effect a delivery is in many cases an important element, and has been in itself something of an advantage to the domestic producer, but it is an advantage that has been constantly reduced, and there is every reason to suppose it will be still more so in the future.

Still another important development reducing the margin of protection has been the great improvements that have taken place in the quality of fabrics, applying to those of quite moderate construction as regards both the number of threads to the square inch and the fineness of the yarns as well as to those in higher ranges. The cotton trade has not stood still these last few years. It has developed enormously on its artistic side, in the production of new and more beautiful fabrics, and in most cases these changes mean higher cost of labor or material or both, and in others expensive labor processes are used for ornamentation on quite low cost goods. I have here some samples which will illustrate that [exhibiting samples to the committee]. These are goods of quite ordinary construction, and yet you get the effect that they are made out of long staple cotton, partly Egyptian and partly American, and a great deal of expense is gone to in making them.

Mr. DALZELL. What does this come under in the tariff schedule?

Mr. LIPPITT. They count about 140 threads to the square inch. They would come under that section providing for 100 to 150 threads to the square inch.

Mr. DALZELL. That is, these particular goods?

Mr. LIPPITT. Yes, sir; those particular goods.

Mr. DALZELL. Exceeding 100 threads and not exceeding 150 threads to the square inch?

Mr. LIPPITT. Yes; exceeding 100 and not exceeding 150 threads.

The CHAIRMAN. What is your suggestion about that? Do you want the duty lowered or raised or what?

Mr. LIPPITT. We are going to ask you to leave the duty as it is.

Mr. DALZELL. All along the line?

Mr. LIPPITT. On the cloth schedule, with the exception of some very minor points. I am making my argument to show why it should not be changed.

Mr. DALZELL. This duty is now what?

Mr. LIPPITT. It varies from 25 up to 45, I believe. It is quite a complicated schedule, as you will see. I was saying that the artistic side of the cotton manufactures has developed very much, and the

result is to so raise the value as to bring these fabrics out of the specific duty range of the countable cottons and into the ad valorem range, which means the very minimum duty of their respective classes, although they are naturally the most costly, justly calling for the highest margin.

That these tendencies in the trade tend to lessen the protection, I think is shown by the course of importation. These, as you gentlemen are probably aware, are continually growing, having increased from around 30,000,000 at the time of the passage of the present act to between 70,000,000 and 80,000,000 at the present time, the cloth importation being some 12,000,000 of this, as against 6,000,000 at the date of the Dingley bill. We want to emphasize this point as much as possible, for it seems to be the essence of the whole proposition. It shows conclusively, we claim, that the cotton manufacturers are not receiving more protection than they were meant to have or more than they need for the successful development of their business. The figures, moreover, show another thing, and that is the present schedule is not now, and was not when enacted, a prohibitive schedule. Importations have always been possible under it and have always been made under it, and if left in force there is every reason to believe they will increase rather than diminish, which might perhaps be a good reason for asking to have it made higher. As it is, however, excepting some minor details, which should be corrected, it regulates reasonably well the cotton trade of the country under present conditions.

This brings us to the question about which I should like to say a few words of what has been and is the condition of the cotton business of New England under this act. I think if you will consider it you will find in it no element of unwarranted prosperity. The New England industry has undergone a very active and fierce domestic competition from our fellow-citizens in the Southern States, where longer hours, lower rates of wages, and less exacting legal restrictions on the employment of women and minors have given the mills important advantages in economy of production on certain fabrics. New England has had to meet these conditions and to rely for success on the skill that longer experience in the art has given her people. It would be impossible without the exhibition of a large collection of samples to make those not engaged in cotton manufacturing realize to what an extent we have been forced by these conditions to diversify our product and improve its artistic side. New England has lost to the cheap production of the South many of what twenty years ago were considered her staple manufactures. She has had to fill the hole thus made and depend for her growth by the development of fabrics either absolutely new to the trade or new to the manufacture of this country. Many of her mills produce now in the course of a year hundreds of fabrics or patterns where formerly they produced tens, and they use in the most creditable way the various processes of bleaching, dyeing, mercerizing, and printing for ornamenting their product.

Again the improvement of the quality of our work, particularly as shown by the fineness of the yarns spun and woven, has been enormous. In fact, the recent growth of the business has been largely the result of this development. Nearly every new cotton manufacturing plant in New England for several years has been designed for the

fine-yarn field, and many of the older concerns have been forced to adapt more or less of their machinery to this purpose to find a market for their product. Had it not been for the progressiveness of New England in these respects her chief industry would have sadly languished.

These developments, necessary for our existence, involve a great increase in the percentage of labor cost as compared with cost of material, and bring our business, therefore, in close competition with the possibilities of importation even at the present rate of duty. That the margin is small is shown by the large importations of cotton cloth constantly going on, most of which are in these special weaves or fine-yarn fabrics that this new industry of New England is trying to compete with. The result of all this is that while the best managed mills of New England have made a living they have shown no extraordinary profit. Great fortunes made in cotton manufacturing are extremely rare.

No such thing exists in this industry as has made possible the great fortunes derived from some other industries. The business is one of narrow margins and success in it can only be attained by the most careful management.

The business is not a monopoly. It has not shared in the present tendency to combinations that some people find objectionable. While some plants have shown a continuous and healthy growth, the business is still carried on as from the beginning by a large number of unconnected plants distributed over a large territory and owned by many people. The form of the present cotton tariff is the result of many efforts, and considering the wide variety of products it covers has stood the test of practical operation fairly well. It has been the object of many legal attacks, in the course of which the terms used have for the most part been given careful legal definitions, and therefore should not be disturbed. Some minor features, however, are still in controversy and may need elucidation, but the present cotton situation as a whole has resulted in establishing in this country a great industry, widely distributed, employing many people and much capital. It has regulated but not prevented importations, has made moderate profits and reasonable wages possible to the capitalist and laborer, but is not a bonanza.

We ask, therefore, that the present schedule shall not be materially changed, and that cotton manufacturers be allowed to continue the operation and further development of this important industry under the same tariff conditions that now prevail.

The CHAIRMAN. It came out in the investigation of the Philippine tariff that abroad they were making goods just twice the width of the ordinary goods, with a double selvage in the center so that they could run it through a cutting machine and separate it, and they were sending them over there at a much cheaper rate on account of the less cost for work, for labor. Have our people got into that?

Mr. LIPPITT. I understand the conditions are a little different on that, sir. Abroad I believe that is due to the fact that the labor unions limit the number of looms that a weaver can tend, but that limitation does not apply to the width of the loom. In England, as I understand it, a weaver is allowed to tend four looms.

The CHAIRMAN. The statement was that they were made on a loom double the ordinary width.

Mr. LIPPITT. That is what I understand.

The CHAIRMAN. And that the machinery was arranged for a double selvage in the center, so that when they ran the cloth through a cutting machine it left a selvage, and the cost was much less than if it was half the width of the ordinary quantity of cloth.

Mr. LIPPITT. I think that is so in some foreign countries.

The CHAIRMAN. Have our people gone into this?

Mr. LIPPITT. No, sir; I do not believe so.

The CHAIRMAN. Why do they not go into those things?

Mr. LIPPITT. It is because, I think, the conditions are not the same. It is on account of the restrictions of the labor unions in England. There they are only allowed to tend four looms, and they can tend four looms making 28-inch cloth, and they can tend four looms making a 56-inch cloth and get the equivalent of eight looms while tending four. In this country they would probably tend the eight looms.

The CHAIRMAN. How will the price per day correspond with the price here?

Mr. LIPPITT. Of course we all know that the labor in this country is very much higher than it is abroad.

The CHAIRMAN. Then it would look to me as if our people would get an advantage if they had a man or a woman or a boy, or whoever it is, run 8 looms of these double widths.

Mr. LIPPITT. They could not run 8 looms of the double width. They can run 8 single looms. Abroad they run 4 double-width looms, which amounts to the same thing.

Mr. DALZELL. Do we have those restrictions here in this country?

Mr. LIPPITT. Not in the cotton business, to a large extent.

Mr. DALZELL. To any extent?

Mr. LIPPITT. I would not say to no extent, but very slight.

Mr. McCALL. This is a very compact and clear statement, and seems to cover the whole case, but I would like to know whether it is on the more expensive and the poorer types of goods that you have the most difficulty in competing with the foreign makers?

Mr. LIPPITT. We have the most difficulty in competing with the foreign makers in those goods which involve the larger labor cost, and that, I think, without much regard as to whether they are the medium grades or the very finest.

Mr. McCALL. Could you state offhand in how many States the cotton manufacturing industry is an important industry?

Mr. LIPPITT. No, sir; it is a very important industry in all of the States of New England and in New York and Pennsylvania. Outside of that I do not know.

Mr. McCALL. But how about the Southern States?

Mr. LIPPITT. In South Carolina, North Carolina, Georgia, and Alabama it is an important industry.

Mr. McCALL. Are there some very large mills in the South?

Mr. LIPPITT. Some very large mills.

Mr. McCALL. And the internal competition between the manufacturers is unfettered, is it?

Mr. LIPPITT. It is what?

Mr. McCALL. It is completely free; there is no such thing as a combination?

Mr. LIPPITT. There is no such thing as a combination. The business is run by a very great many individual concerns. I think the census statistics will show you that there are a very large number of cotton manufacturing concerns in America.

Mr. DALZELL. The product of the southern mills is different from the product of the New England mills, of course?

Mr. LIPPITT. To a certain extent.

Mr. DALZELL. To what extent; how much different?

Mr. LIPPITT. The product of the southern mills is mostly on the coarse end of the trade. New England used to make those goods, and the South took them away from us and we had to develop a new industry to keep our mills running.

Mr. MCCALL. You could not compete with the South in making the kinds of goods where a great deal of raw material was used in a given amount?

Mr. LIPPITT. We were not able to.

Mr. MCCALL. And where the labor cost was comparatively small?

Mr. LIPPITT. Yes.

Mr. BOUTELL. On what character of goods do you have the greatest amount of protection, figured on an ad valorem basis?

Mr. LIPPITT. On the finer goods. You will see, as the schedule runs up there—as the yarns grow finer—the percentage of protection increases.

Mr. BOUTELL. So that, taking the two sections of the country as you have described the condition of the trade to Mr. Dalzell and Mr. McCall, New England gets a higher rate of ad valorem protection than the southern mills?

Mr. LIPPITT. So far as they are making the finer grade of goods and more elaborate goods.

Mr. BOUTELL. That is the distinction, is it not? Is it not in the character of goods that they make in the southern mills and in the New England mills?

Mr. LIPPITT. Yes, sir.

Mr. BOUTELL. The New England mills making the finer goods?

Mr. LIPPITT. Yes. Of course, you understand, there are some coarse goods made in New England.

Mr. BOUTELL. I understand.

Mr. LIPPITT. But it is not a sharply defined line.

Mr. BOUTELL. But it would be true, as a general proposition, would it not, in the cotton schedules, that the goods which are most largely manufactured in New England get a higher rate of ad valorem protection than the goods most largely manufactured in the Southern States?

Mr. LIPPITT. I think it would.

Mr. BOUTELL. How many cotton spindles are there in the United States at the present time?

Mr. LIPPITT. I believe there are about 25,000,000.

Mr. BOUTELL. And of that 25,000,000 how many in the Southern States?

Mr. LIPPITT. About 10,000,000, I think.

Mr. BOUTELL. So that the South is beginning to crowd New England pretty hard on cotton manufacturing?

Mr. LIPPITT. She has taught us a great deal about making cotton goods.

Mr. McCALL. Is it not the greatest manufacturing industry in the South, or have you not looked into that?

Mr. LIPPITT. I understand so; I am not an expert on figures.

Mr. BOUTELL. If it should so happen in the future that the foreign demand for our raw cotton should fall off, thereby greatly increasing the domestic consumption and the number of mills, there would be, would there not, a very large increase in the cotton manufacturing in the South?

Mr. LIPPITT. I do not know that I can answer that question. It would depend upon whether they could find a market for their product.

Mr. BOUTELL. There would be just as much cotton manufactured in the country, no matter where it is manufactured. The question I ask is, if we manufactured more of our raw staple than we do now, so that there was an increase in the number of factories, there is no reason to suppose, is there, that the South would not have her proportionate share in that increase?

Mr. LIPPITT. No, sir.

Mr. BOUTELL. That is what I mean.

Mr. LIPPITT. There is every reason to believe that she would.

Mr. BOUTELL. And being nearer to the raw material, she has an advantage in that way?

Mr. LIPPITT. Certainly no disadvantage.

Mr. BOUTELL. And if she could get this skilled labor, the South could manufacture these fine, beautiful goods, such as you have exhibited to the committee.

Mr. LIPPITT. I think so.

Mr. BOUTELL. That is all.

Mr. LONGWORTH. I do not know whether I understood Mr. Lippitt correctly to say that no large fortunes have ever been made in this business in New England?

Mr. LIPPITT. I think so.

Mr. LONGWORTH. My impression is that most of the large New England fortunes have been made in it.

Mr. LIPPITT. We are not accustomed to very large fortunes in New England.

Mr. LONGWORTH. Then may I ask you what you call a large fortune?

Mr. LIPPITT. I would regard a fortune of three-quarters of a billion as a large fortune.

Mr. HILL. That would be quite a moderate one for an Ohio man, would it not?

Mr. LONGWORTH. I only asked the question because I thought it was rather an exaggerated statement.

Mr. LIPPITT. I do not think so.

Mr. McCALL. You mean there are no manufacturers of very great wealth in New England?

Mr. LIPPITT. Yes; I mean to say if you compare the cotton industry with others.

Mr. Pou. Do you export any of your product?

Mr. LIPPITT. Very little.

Mr. Pou. Where is that which you do export sent?

Mr. LIPPITT. We do not export any of it directly. I have been told by some of our customers, some of the jobbers, that they had exported our goods. We did export some once to Honolulu. I think that is the only case where we exported any.

Mr. McCALL. At one time the cotton mills found a considerable market for their goods in China and Japan, did they not?

Mr. LIPPITT. Yes, sir.

Mr. McCALL. How is that trade now; is it falling off or increasing; what is the state of it?

Mr. LIPPITT. That particular branch of the trade is a little out of my field. I do not make goods for that trade, but I understand that that particular trade is dull.

Mr. CLARK. How much did you say you would regard as a comfortable fortune, three-quarters of a million, or three-quarters of a billion?

Mr. LIPPITT. The gentleman asked me what I considered was a large fortune. I said I thought three-quarters of a billion was a large fortune.

Mr. CLARK. A billion?

Mr. LIPPITT. Yes, sir.

Mr. CLARK. Now, if the New England manufacturers have not made any fortunes, where did that colony of multimillionaires at North Adams get hold of their money?

Mr. LIPPITT. That what?

Mr. CLARK. That colony of multimillionaires at North Adams? There are said to be more of them in that town than in any other place of its size in the world.

Mr. LIPPITT. I am not a resident of North Adams, and of course I could not say.

Mr. CLARK. You never studied about that coterie of gentlemen up there?

Mr. LIPPITT. No, sir.

Mr. CLARK. Let me ask you this question. The southern mills have practically crowded the northern mills, the New England mills, and all the rest of the northern mills out of the market, on the cotton yarns and the coarser grades of cotton cloth, have they not?

Mr. LIPPITT. Generally that is so.

Mr. CLARK. They are gradually going up in the grades of their manufactures, are they not?

Mr. LIPPITT. Yes, sir.

Mr. CLARK. And it is not a wild speculation that in the course of a few years, in spite of all that can be done, the cotton industry will be transferred almost entirely to the South, is it not?

Mr. LIPPITT. That is something, of course, that I know nothing about.

Mr. CLARK. Do not the New England mill men themselves take that view of it, and are not a great many of them transferring their mills to the South?

Mr. LIPPITT. I do not think so.

Mr. CLARK. If the cotton industry is not so very prosperous now, how does it happen that the Hon. Eugene Foss is fixing to build a \$5,000,000 mill near Boston—at Chelsea, or somewhere there?

Mr. LIPPITT. I can not answer that, of course.

Mr. GRIGGS. Are you engaged in the manufacture of cotton goods?

Mr. LIPPITT. I am a manager.

Mr. GRIGGS. You are a practical man in the industry?

Mr. LIPPITT. Yes.

Mr. GRIGGS. From what I have heard you say, I will ask you if this is your position: Is it not protection against the South that you need rather than the rest of the world?

Mr. LIPPITT. No, sir.

Mr. GRIGGS. Did you not say that the South is gradually crowding you out? It has crowded you out of the coarser goods?

Mr. LIPPITT. Yes.

Mr. GRIGGS. And they are coming up in the other grades of goods every year?

Mr. LIPPITT. To a certain extent; yes, sir.

Mr. GRIGGS. And you said they would finally reach as fine grades as you made?

Mr. LIPPITT. I do not think I said so.

Mr. GRIGGS. You did not say that?

Mr. LIPPITT. No, sir.

Mr. GRIGGS. They will make the fine grades, will they not?

Mr. LIPPITT. That I can not tell.

Mr. GRIGGS. I understood you to say that.

Mr. LIPPITT. Nobody can answer that question of what is going to be done in the future.

Mr. GRIGGS. They are going right toward it now?

Mr. LIPPITT. Their business is developing very creditably all the time.

Mr. GRIGGS. And your protection is much more than theirs, as it stands?

Mr. LIPPITT. Not on the same fabrics; of the cotton goods.

Mr. GRIGGS. I understand that, but the protection on the goods you make is higher than the protection on the goods they make?

Mr. LIPPITT. Yes.

Mr. GRIGGS. And they are crowding you out of the market with them?

Mr. LIPPITT. If you will allow me to qualify that by saying to the extent that we do make finer goods; the protection is greater on those goods. The schedules are adjusted to that end.

Mr. GRIGGS. How old is the cotton industry in the United States?

Mr. LIPPITT. A little over one hundred years.

Mr. GRIGGS. Then it is not an infant industry?

Mr. LIPPITT. What is an infant industry?

Mr. GRIGGS. What is it?

Mr. LIPPITT. I do not know what an infant industry is. If you will tell me what it is I might answer the question.

Mr. GRIGGS. It is a new industry.

Mr. LIPPITT. It is not a new industry, but it is a continually growing industry, and the fabrics and goods that are being made in New England, if you will take those which I showed you there, for instance, many of them are something unknown ten years ago.

Mr. GRIGGS. You do not think you are old enough to live without protection?

Mr. LIPPITT. No, sir; I know we are not.

Mr. GRIGGS. That is all I have to say.

Mr. HILL. Are we able to compete with the foreign mills where they make cotton cloth entirely?

Mr. LIPPITT. I do not know.

Mr. HILL. You do not ask any there?

Mr. LIPPITT. No, sir.

Mr. HILL. Your competition is largely in the finer grades?

Mr. LIPPITT. Yes.

Mr. FORDNEY. I read in a consular report a statement that in cotton mills in Belgium labor was receiving but 18 cents a day, and that cotton raised in the United States, paying high rates of duty, was being shipped over there and manufactured and brought back into the United States and underselling the same grades of goods made in the New England cotton mills. Is that right? Pardon me, but I did not hear all of your statement; I did not get in in time.

Mr. LIPPITT. Yes, sir. A part of my statement was that the statistics of the custom-house showed that the importation of cotton goods was continually growing. Therefore that statement, I presume, would be correct.

Mr. FORDNEY. Your strongest competition comes from foreign-made articles, and is caused by the production from very cheaply paid labor abroad?

Mr. LIPPITT. Yes, sir.

Mr. FORDNEY. If that consular statement is correct, it occurs to me that an increased duty on that article, that finished product of the finer grades of cotton, would materially stimulate the production of that product in this country from American-grown cotton. Would that be so?

Mr. LIPPITT. Of course there are certain importations; there is growth in the importations all the time.

Mr. FORDNEY. If it is true that we are exporting cotton to Belgium, and that they are making it up into the finished product by Belgian labor and bringing it back into the United States, and that it is being sold in competition with your product, do you agree with me that it would be a good plan to increase the duty on that finished article to compel the production of it in the United States, so that American labor and American capital could get that benefit?

Mr. LIPPITT. Well, I am not appearing here to ask for an increase in the duties on the cloth clauses of the cotton schedule. I think that while there are importations going on under them, it is reasonably regulative of the cotton trade. The importations are not so large that we feel justified in asking that the duties be increased, but we would not like to see them decreased, as we believe that any decrease would certainly result in very much larger importations and a great deal more of our cotton being manufactured abroad and shipped back as finished goods, as we say.

Mr. FORDNEY. Thank you.

STATEMENT OF MR. SAMUEL ROSS, OF NEW BEDFORD, MASS.

Mr. McCALL. Pardon me, but were you elected a Senator last election?

Mr. Ross. Yes, sir; in Massachusetts.

Mr. Chairman, it struck me that this was an important matter from the viewpoint of our working people. As the gentleman who just

asked that question brings to mind, I have been a member of the state legislature in Massachusetts for many years, and during that time have had occasion continually to work for better conditions for the workers, and since the first year of my advent in the state legislature, when a 58-hour bill was passed for the textile workers, for the employees who are working in mechanical establishments in Massachusetts, and since the last year Massachusetts has passed a 56-hour bill, and since I was largely active in advocating the passage of those measures, it appeared to me that it would be very proper for me to turn around on this occasion and unite with the manufacturers and ask that we be allowed to remain as we are as far as foreign competition is concerned. I am only going to take a minute or two, Mr. Chairman. I want to say in brief just this: The cotton industry is in rather a peculiar condition at this time, and has been for some years past.

Withing the last fifteen or twenty years the Southern States have made very rapid progress in the manufacture of the coarser fabrics. As the result of that progress the Northern States are undertaking the manufacture of the finer fabrics, and in my opinion it has been a good thing for the country and a good thing for both sections; but it leaves us in this position, that the cotton industry is practically an infant industry at this time. The manufacture of coarser fabrics to a very marked degree is infant to the Southern States, while the manufacture of the finer fabrics is infant to the Northern States; and I want to say further that our people, the working people, are continually advocating better conditions, shorter hours of labor, and we have all we can contend with in the matter of home competition, without being brought face to face with the problem of foreign competition. We have made very marked progress in the matter of bettering the conditions of our people within the last several years. Three or four of the New England States have passed short-hour legislation, have reduced their working hours to a 58-hour basis within the last five or six years. There is one remaining State, with the exception of one State which is not a manufacturing State to any considerable extent, and that State, I am told, has pledged itself, or the parties have pledged themselves, to pass a 58-hour law within the next year. Massachusetts last year, or rather this year, voted that a 56-hour bill take effect one year hence.

Mr. Chairman, not only with regard to hours of labor but with regard to other matters for the advancement of our working people we ask that the schedules of labor be allowed to remain as they are. We are trying to increase the benefits to our people. I may say here, while I think of it, the Southern States also have made progress in the reduction of the hours of labor and our people are trying now to secure better living conditions and higher wages, and I honestly believe that you will handicap us in this matter if the tariff schedules on cotton cloth are reduced. We ask only, Mr. Chairman, that they may be allowed to remain as they are. We think that any reduction would mitigate against our progress in the matter of better conditions and better wages, and at times might even result in reduced wages.

Mr. McCALL. You are the secretary of the International Mill Spinners' Association?

Mr. Ross. Yes, sir.

Mr. McCALL. Including those in this country and those abroad?

Mr. ROSS. That includes the United States and Canada only.

Mr. McCALL. It is a very large organization of working men?

Mr. ROSS. We comprise perhaps 90 per cent of all the mill spinners in the northern States. In the southern States the number of mill spinners is very small, and they are employed in bodies of two, three, five, and six, and in some cases more; but ordinarily they are in such small bodies as to render it hardly desirable to seek their organization, or at least the expenses would be too great for us to undergo organization.

Mr. COCKRAN. I could not hear your last statement.

The CHAIRMAN. He said the expense would be too great in small bodies of three or four for them to organize.

Mr. COCKRAN. What expense would be too great?

Mr. McCALL. The expense of organizing.

Mr. COCKRAN. The expense of organizing a union?

Mr. McCALL. Yes.

Mr. ROSS. The number of spinners in the southern States is so small and they work in such small bodies, that the expense of organizing them would be too great for our organization to undertake.

Mr. COCKRAN. You mean to organize them into a trade union?

Mr. ROSS. Yes.

Mr. GRIGGS. Is there any difference in the scale of wages paid in the southern mills and the northern mills?

Mr. ROSS. Yes, indeed; yes, sir.

Mr. GRIGGS. What difference is there?

Mr. ROSS. Well, perhaps not a great deal when you consider the amount of work performed by the northern mill spinner and the southern mill spinner. There is a material difference in the amount received, but the amount of work that the northern spinner performs is much larger than that performed by the southern spinner.

Mr. GRIGGS. Then his efficiency would make up for the difference in the pay of the labor?

Mr. ROSS. Yes.

Mr. GRIGGS. Then you would say that the labor cost was about the same in both sections?

Mr. ROSS. You are asking me now with regard to the mill spinners?

Mr. GRIGGS. Yes.

Mr. ROSS. That would not apply to the other departments.

Mr. GRIGGS. But you are representing the mill spinners, are you not?

Mr. ROSS. Not officially. I was asked regarding the mill spinners. I am their executive officer.

Mr. BOUTELL. Are not the Scotch and Irish operators in the North Carolina mills equal to any operatives in the world?

Mr. ROSS. I think they be.

Mr. BOUTELL. I think so, too.

Mr. GRIGGS. Are not your mills largely filled with French-Canadians?

Mr. ROSS. Yes; but they are not our mill spinners. Mill spinning is a skilled trade.

Mr. GRIGGS. What percentage of the labor in the New England mills is Canadian?

Mr. ROSS. Not the mill spinners?

Mr. GRIGGS. Of the entire number of operatives.

Mr. Ross. It varies. In some it is higher than in others.

Mr. GRIGGS. Just take New England, if you can.

Mr. Ross. Perhaps 30 per cent.

Mr. GRIGGS. Thirty per cent would be French-Canadians?

Mr. Ross. Yes. I may be away off on that. That is just a rough guess.

Mr. COCKRAN. What is the actual average difference per day between what is paid in the southern mills and the New England mills for mill spinners?

Mr. Ross. Per day?

Mr. COCKRAN. Yes.

Mr. Ross. If you will allow me, I will state it by weeks.

Mr. COCKRAN. By weeks?

Mr. Ross. Yes; they are paid weekly.

Mr. COCKRAN. Very well.

Mr. Ross. I think it would be three or four dollars per week less in the Southern States.

Mr. COCKRAN. What is the total pay?

Mr. Ross. The average amount?

Mr. COCKRAN. Yes; the average pay.

Mr. Ross. That would vary in the North from \$14 to \$20 per week.

Mr. COCKRAN. In the South it would be \$4 a week less? That is, it would be from \$10 to \$16?

Mr. Ross. Well, now, it would be much more less than that.

Mr. COCKRAN. How much?

Mr. Ross. I do not think it would average in the South more than \$12 a week—\$10 to \$14.

Mr. COCKRAN. \$10 to \$14?

Mr. Ross. Yes.

Mr. COCKRAN. And yours is \$14 to \$20?

Mr. Ross. Yes. Of course there are many more spinners in the North getting \$14 and \$15 and \$16 than there are getting from \$16 to \$20.

Mr. COCKRAN. It is about 25 per cent less in the South. Is that what you mean?

Mr. Ross. Yes; about that.

Mr. COCKRAN. I understand you to say that the efficiency in the North, where it is organized, is so much greater than in the South that this apparent difference in the rate of wages is made up by the difference in the price?

Mr. Ross. I would not want to say that, Mr. Congressman. I would say that it was largely wiped out.

Mr. COCKRAN. Largely wiped out? That is, as far as you want to go?

Mr. Ross. Yes, sir.

Mr. POU. Senator, are you acquainted with the price of cotton-mill machinery abroad as compared with the price here in this country?

Mr. Ross. I am not, sir. I understand our mills here cost about three or four times more than they do in England. Of course, lots of our machinery is English made.

Mr. POU. Your understanding is that it costs, did you say, three or four times as much?

Mr. Ross. Yes; three or four times as much.

Mr. Pou. To build a mill in America as it would to build the same mill in England?

Mr. Ross. Yes, sir; that is my understanding.

Mr. Pou. A considerable per cent of that cost—the increase—is because of the protective tariff, is it not?

Mr. Ross. Some of it is; quite a little, I should say.

Mr. Pou. The duty on mill machinery is about 45 per cent, is it not?

Mr. Ross. That would all depend on the amount of the English machinery that was introduced into the northern mill, of course. Some introduce much more than others.

Mr. Pou. Yes. Is it not a fact that the manufacturers of the cotton-mill machinery in the United States are in a combination, and that the combination makes the same price to one man that it would to another?

Mr. Ross. In the sale of its finished product?

Mr. Pou. No; in the sale of its machinery. I speak now of cotton-mill machinery.

Mr. Ross. You mean the English manufacturers of machinery?

Mr. Pou. No. I mean is it not a fact that the manufacturers of cotton mill machinery in the United States are into a combination to influence the prices?

Mr. Ross. I do not know that, sir. I do not know; I could not answer that question.

Mr. Pou. You could not answer of your own knowledge?

Mr. Ross. No.

Mr. Pou. But is not that your understanding?

Mr. Ross. I can not say I ever heard of it before, sir.

Mr. UNDERWOOD. Let me ask you a question as to the comparison of this labor in the southern and northern mills. Most of the operatives in the northern mills, I think, live in good sized towns or in cities?

Mr. Ross. Quite a number of them are, of course. Of course, we have many small villages up there.

Mr. UNDERWOOD. And in the South they are mostly in small towns?

Mr. Ross. Yes.

Mr. UNDERWOOD. And the cost of living is much greater to the operatives in the northern mills than in the southern mills?

Mr. Ross. Yes; I should say it is higher.

Mr. UNDERWOOD. In the southern mill town the operative has a house to himself and a garden where he can raise part of his food supply himself.

Mr. Ross. Of course we have many small towns where similar conditions exist. Of course, people are better housed in the North than in the South. That is natural, because the climate is more severe.

Mr. UNDERWOOD. The cost of fuel and clothing is much more to the northern man than to the southern man on account of the climatic conditions?

Mr. Ross. Some higher, undoubtedly.

Mr. UNDERWOOD. So that taking it all in all the southern operative makes about as much out of his wages as the operator in the northern mill, does he not?

Mr. Ross. I should not think so. I do not think that is so. Our northern people are organized, and the organizations have done a wonderful work for the people. The southern people, I want to say, are mighty fine people, and they are going to organize in the near future, and when they do they will mightily improve their conditions. They will do it very rapidly.

Mr. UNDERWOOD. But you think the climate equalizes this difference in the wages to a large extent?

Mr. Ross. Well, yes; it does to a great extent.

Mr. UNDERWOOD. Now, I want to ask you, on another proposition, this question. The milling industry in this country originated in New England. The skilled operators in New England, when the industry started in the South, the more highly skilled men, the most successful men in the operation of millwork, did not move South, did they?

Mr. Ross. No.

Mr. UNDERWOOD. They were the men that remained at home?

Mr. Ross. Yes.

Mr. UNDERWOOD. And it took generations for you to train up a body of skilled men in your industry?

Mr. Ross. Yes.

Mr. UNDERWOOD. And the result was that when the southern cotton mills commenced their operations they did not get the best men, but they got the second-grade men to go south to develop the industry; is not that a fact? Of course I do not mean to say that it applies in every case, but as a rule is not that a fact?

Mr. Ross. As regards their ability to manipulate cotton machinery, yes.

Mr. UNDERWOOD. I do not mean as to their character, but I mean as to their ability.

Mr. Ross. Yes.

Mr. UNDERWOOD. The higher skilled men had inducements that kept them at home?

Mr. Ross. Yes.

Mr. UNDERWOOD. And the less skilled men were sometimes out of positions and went south to find a place; and it will take time to educate the mill operatives of the South to the condition of skill that you find in the northern mills?

Mr. Ross. Exactly.

Mr. UNDERWOOD. Is not that about the situation?

Mr. Ross. That is about it. They manufacture the coarser fabrics, and we have undertaken the finer fabrics, and both sections are now working along on those lines, and they are both infant industries as to their respective sections.

Mr. UNDERWOOD. As the generations come on and as the labor in the southern cotton mills is educated to the skill of the labor in the northern mills, do you not think yourself that may bring them to the average skill of the northern mills?

Mr. Ross. The southern operatives?

Mr. UNDERWOOD. No. As the development of the industry takes place in the South, the education of the mill operator from generation to generation, after a while he will become as skilled as the northern operator, will he not?

Mr. Ross. I question that. The northern operative will also progress, and he has got such a big start on the southern operative now that he will keep ahead for a long time to come.

Mr. UNDERWOOD. Has the operator in the northern mill reached his ultimate attainment as a skilled operative?

Mr. Ross. Oh, no, indeed. We are importing people from the other side, many of whom have worked in mills on the other side—that is, in foreign countries. They are coming over to us in large quantities every year, and we are continually manufacturing finer fabrics, and more looms are being built to manufacture the finer fabrics, fabrics that we never manufactured in this country before, but always imported from other countries, largely from England. We are manufacturing those fabrics here to-day.

Mr. UNDERWOOD. Do I understand you to say that the immigrants who are coming over here from foreign countries are more skilled operatives than the operatives in New England factories to-day?

Mr. Ross. Many of the English operatives are fully as highly skilled as the operatives in the New England mills.

Mr. UNDERWOOD. They are not more skilled than the New England operatives.

Mr. Ross. More so than the average New England operatives. Of course many of them have come from places where there are no cotton mills; but the English and Irish are, many of them, people whose fathers and grandfathers worked in the mills before them.

Mr. UNDERWOOD. Then, as a matter of fact, it is a question of years of training for an operative to become skilled, or generations of training before the operatives become thoroughly skilled in the business?

Mr. Ross. Yes; to manufacture successfully the finer fabrics.

Mr. UNDERWOOD. And it is by reason of that skilled labor that the New England mills are manufacturing the finer fabrics to-day.

Mr. Ross. Yes.

Mr. UNDERWOOD. Not by reason of the natural conditions or improved machinery?

Mr. Ross. I do not think so. It is because of the skilled labor and the fact that the South undertook the manufacture of the coarser fabrics to such a large extent that the North was practically forced into the manufacturing of the finer fabrics—that is, if it was to extend its industry.

The CHAIRMAN. Those English skilled operators that come over here you say are more skillful than the average New England mill operatives. Will they do as much work as the average New England operative, as a rule?

Mr. Ross. Do what?

The CHAIRMAN. Will they do as much work in a day of ten hours?

Mr. Ross. After they have been here a little while.

The CHAIRMAN. What is that?

Mr. Ross. They are governed by the speed of the machinery. They have to keep up with the machinery.

The CHAIRMAN. They have got to keep up with the machinery?

Mr. Ross. Yes.

The CHAIRMAN. Whether they are in England or in this country?

Mr. Ross. Yes. The machinery here is quicker than in other countries. The speed is not always higher than that of the English machines. The English run their looms much quicker than we do our

looms, but in other respects the machinery runs here much quicker than it does in other countries, outside of England.

The CHAIRMAN. That is all.

Mr. HILL. In your judgment, as a labor-union man, are the mills of the South handicapped or helped by the longer hours of labor and by child labor?

Mr. ROSS. I certainly do not think they are helped by it.

Mr. HILL. You do not think they are helped by it?

Mr. ROSS. No.

Mr. HILL. They do not have any advantage over the northern mills by reason of their longer hours of labor and by child labor?

Mr. ROSS. They have very little, if any.

Mr. HILL. I mean taking the whole thing, making a general average.

Mr. ROSS. In my opinion, I do not think they have any advantage. I think they are beginning to realize that, inasmuch as they are giving attention to decreasing the hours and increasing the ages of the children.

The CHAIRMAN. They are learning things.

Mr. ROSS. Yes.

Mr. POW. What is the age limit for child labor in Massachusetts?

Mr. ROSS. It is 14 years, and 16 years for illiterates—that is, children who can not read and write simple sentences in the English language. The age limit for children who can not read and write the English language is 16 and for other children it is 14.

STATEMENT OF MR. ALBERT HIBBARD, OF FALL RIVER, MASS.

The CHAIRMAN. What is your business?

Mr. HIBBARD. I am the general secretary of the United Textile Workers of America, but I do not appear here officially from that body. I was about to say that I regret very much that at our last convention we did not have the opportunity to have some kind of a resolution before us on which we could have gone on record as being favorable to the existing tariff conditions so far as they apply to the manufacture of textile goods. Speaking for myself, and I think I voice the sentiments of the members of our organization, I believe that anything that tends to promote the conditions of industry must of necessity help the operator, and it is with that idea in mind that I appear at this time. I believe that my people—and by that I mean the textile workers—do not desire any change in the tariff schedules so far as they apply to textile goods, and I think if I were to take up your time for an hour in elaborating upon anything that I might want to say, I could not put any better or any stronger statement as defining our position. We believe that if the tariff makes it permissible or makes it possible for the industry to thrive, it puts the people who are trying to lead the operatives into a position where they can demand for these operatives a higher rate of wages and better conditions, and that is my only reason for being here to-day.

Mr. HILL. Do you speak for woolen operators as well as cotton?

Mr. HIBBARD. I speak for all textile operators on silk, woolen, flax, or jute. That is, that is my official capacity. I am not speaking for them officially now.

Mr. COCKRAN. What is your particular position?

Mr. HIBBARD. I am a cotton weaver.

Mr. COCKRAN. And your own special knowledge is of the cotton trade or cotton production?

Mr. HIBBARD. Yes.

Mr. COCKRAN. And the union which you represent extends to the operatives in all textile work?

Mr. HIBBARD. Yes.

Mr. COCKRAN. You do not speak as a member of the union, but as an operative?

Mr. HIBBARD. As an individual.

Mr. POU. Are you acquainted with the price of cotton-mill machinery abroad and in the United States?

Mr. HIBBARD. No; I can not say that I am.

Mr. POU. What is the difference in wages paid to English operatives and American operatives?

Mr. HIBBARD. My whole experience has been in American mills. I came here as a youngster. But my parents worked in English mills, and while my father never ran more than two looms each, I never ran less than six myself, and I never ran more than eight.

Mr. POU. You are not acquainted with the price abroad?

Mr. HIBBARD. No. Conditions have very much changed since I left there.

Mr. POU. You do not know what the condition is now?

Mr. HIBBARD. No, sir.

Mr. POU. The England mills have been rather prosperous during these last few years, have they not?

Mr. HIBBARD. We want them to be prosperous.

Mr. POU. Well, I know.

Mr. HIBBARD. I think they have been prosperous.

Mr. POU. Yes. Do you declare large dividends?

Mr. HIBBARD. I do not know. All we could go by is the statistics, and the statistics of dividends do not always tell the true story.

Mr. POU. Do you remember the dividends that your mill, the mill that you are connected with, declared during the last year or two?

Mr. HIBBARD. For the benefit of the member of the committee I want to say that I have not worked in a mill since 1893. I have been holding an official position since that time.

Mr. POU. I thought perhaps you were now connected with it. But do you know about the particular mill that you were formerly connected with; have you any knowledge of the dividends that it has been paying?

Mr. HIBBARD. The last mill that I worked in, the Fall River Iron Works Company—a peculiar title for a cotton mill—was owned by M. C. D. Burden, of New York, and I do not know that anyone has any knowledge as to what his profits or the dividends are. [Laughter.]

Mr. GRIGGS. You say your father never ran over two looms?

Mr. HIBBARD. That is all.

Mr. GRIGGS. And you never ran less than six?

Mr. HIBBARD. Yes; I never ran less than six nor more than eight. I mean to say that my father when he was in England never ran more than two looms. After he came to this country of course he fell in with the usual proceeding and ran six or eight.

Mr. COCKRAN. What is the meaning of that? Does that mean that you could produce three times as much as your father or mother did in England?

Mr. HIBBARD. No, sir; the speed of the loom in England is greater than the speed of the loom in America, but that is more than made up, in my estimation, by the number of looms run by the American operator.

Mr. COCKRAN. What I want to get at is, do you mean that uniformly, where the greater number of looms seems to be run, the productive capacity of the operator is correspondingly greater?

Mr. HIBBARD. I would not say correspondingly, but it is greater.

Mr. COCKRAN. That is, you would not say, of course, that it was increased twice?

Mr. HIBBARD. Yes.

Mr. COCKRAN. But it is unmistakably greater?

Mr. HIBBARD. Yes.

Mr. CALDERHEAD. Are the wages fixed upon a sliding scale according to the price of the product?

Mr. HIBBARD. We are working now in Fall River under a sliding scale fixed by the local secretaries of the unions and the manufacturers of Fall River. That is the only place that I know of where they are working under the provisions of a sliding scale.

Mr. CALDERHEAD. Wages are higher or lower according as the price of the product is higher or lower?

Mr. HIBBARD. There is a peculiar condition surrounding that sliding scale. The wages are based upon the margin of profit between a pound of raw cotton and 45 yards of the finished product, 64 picks to the inch—64 square, I should say. Under that sliding scale the operatives would now be working, or under the margin of that sliding scale the operatives of Fall River would now be working for 18 cents per cut, but the manufacturers of Fall River decided to waive the putting into effect of an 8 per cent reduction, and left the wages where they were, 8 per cent higher than they would be under the sliding scale.

The CHAIRMAN. Are there any further questions? That is all, Mr. Hibbard.

STATEMENT OF MR. D. E. TOMPKINS, OF CHARLOTTE, N. C.

Mr. TOMPKINS. Mr. Chairman, in discussing the subject of laying a tariff for revenue or for protection, whichever it is, to stimulate an American industry, it should be considered, to my mind, whether such stimulation would have influence for the public welfare, in case of war or otherwise, and whether such stimulation would have an influence on the welfare of a great number of people, in many cases far greater than the number involved in the industry. I will call your attention to a change which has taken place in the Southern States to illustrate that the development of manufactures there is not alone important for the benefit of the manufacturer, but is exceedingly important for the benefit of large proportions of the population. Fifteen years ago, calling that dating back to the beginning of the building of factories, cotton and otherwise, or about that time—I speak always in round numbers, sir—cotton was worth 5 cents a pound. The condition of the whole population with respect to living and general

welfare was deplorable. In the fifteen succeeding years the factories have been built, until enough people have been drawn off the farms, out of the competition of producing a few staple crops, until cotton has reached twice 5 cents a pound, on a crop of 10,000,000 bales. Formerly, before the time of manufactures, it sold for \$300,000,000. Now it sells for \$600,000,000. The income of the cotton producer for identically the same work has been doubled. And that is not the only benefit. His perishable farm products have been made valuable. Formerly they had practically no value.

A large proportion of cotton producers have been turned from the competition of cotton production to being consumers of cotton. But to go back of that and show what a change has come about in the interests of the cotton farmer and the other farmers of the South, and speaking again in round figures only, in the first decade that succeeded the civil war we made 2,500,000 bales of cotton and got 4 cents a pound for it. In the second decade we made 5,000,000 bales and got 12 cents a pound for it, which made \$300,000,000. In the third decade we made 10,000,000 bales of cotton and got 6 cents a pound for it, and got the same \$300,000,000. In the fourth decade, as manufactures were developed, as people were drawn out of the competition of this cutthroat business on the cotton farms, as the perishable products of the farm became marketable, the same 10,000,000 bales of cotton brought \$600,000,000. Not only that, but the development of the business of cotton oil made \$100,000,000 more, the value of the perishable farm products was \$100,000,000, and I could go on and count up so that where the income of the people was formerly \$300,000,000 it is now a billion and a quarter dollars.

Now, if a degree of protection is necessary to the development of these manufactures, and it is essential that you should raise the revenue necessary to run this Government, which is, as they say popularly, about a billion dollars a year, then is it not better, is it not best, that that tariff should be so laid as to protect and develop the industries not for the benefit of the manufacturer, if you please, but to give one-third of the population of this country an income from farming of a billion and a quarter dollars instead of \$300,000,000 for identically the same farm products? I do not believe it is desirable to lay a tariff higher than is necessary to do this. I believe that a tariff in excess of what is necessary to bring about the best welfare of all the people is as wrong as a tariff that is too low to bring about that welfare, and I think that your committee will realize that if we have to raise the revenues necessary to run this Government, it is far better to so raise those revenues by putting a protective tariff on such industries as will not only be beneficial in themselves, but as will be advantageous in developing the welfare of a people who otherwise were living in poverty and distress.

You have asked about the costs of some productions. In producing cotton the cost of cotton at 5 cents a pound was 5 cents, and that meant a mighty miserable living. That meant a living that no people in the world ought to be brought down to, and to-day it would be difficult to tell what is the cost of producing cotton, because it would be difficult to measure whether people are living approximately as well as they ought to live or not in the fields producing cotton. In those old days one garment was the most that many people had in the cotton fields, and the cost of producing cotton was shamefully

below what it ought to have been because people had to live on less than what they ought to have had.

In laying your duties, it must be kept in mind also that where there are fixed duties there is an apprehension—and you may lay as much stress on this as you choose—that in the next five or ten years the cheapness of gold is going to reduce values so that the value of fixed tariffs is going to be very much lower; that gold is going to be reduced very much in price. The statistics show that in the last ten years half as much gold has been produced as in the last four hundred years, and if we keep that up many years more gold will become cheap and all your tariffs will become less on the schedules where they are fixed in proportion. So in all respects in laying your tariff you ought to lay it safely; you ought to make it enough to be sure that the condition of cotton production in the South never gets again to where it was before the factories in the South were built, and you ought to also lay it particularly upon articles without which this nation can not do its best in case of war.

I think that is the showing that I wish to make. The development of factories has benefited the farmer more than anybody else in my section. The farmer has been the biggest beneficiary of the tariff, if the tariff has done it, and all that is wanted is enough tariff, and no more than enough.

Mr. COCKRAN. What do you call enough?

Mr. TOMPKINS. Enough to insure the building of the factories.

Mr. COCKRAN. What figure would you suggest?

Mr. TOMPKINS. I think that you gentlemen will have to hunt up the figures yourselves. If I did it, I would appoint a commission to hunt the figures, because I think it is an expensive and difficult proposition, and requires a great deal of talent. I will state this comprehensive fact: We are very proud of the development of the factories in the South, and think they have had a most beneficent influence upon the people; yet in the last three years England has practically put as many spindles in operation as are in the whole South. When we think of our progress in the abstract it looks good, but when we compare it to that of England, we are going pretty slow. England put up about 8,000,000 spindles. I am again speaking in round numbers. She goes onto fine yarns. She builds the Assouan dam in Egypt and makes enough cotton there to supply all the rest of these mills. Being on fine yarns, it takes but a few bales of cotton as compared with coarser yarns. You have heard from Mr. Lippitt that the Northern States have 15,000,000 spindles, and that the South has approximately 10,000,000 spindles, and yet we spin as much cotton as they do. because we are spinning coarser numbers. We spin about 2,000,000 bales of cotton in the South, and England has almost as many spindles running on the product of the soil that she has put into cultivation in Egypt, and 250,000 or 300,000 bales are enough, because the numbers are so fine. If I were in your places, I would put duties enough on the finer qualities of yarns and cloth both to give at least an opportunity to start those industries in this country, and then if England spends all the money necessary to develop that Assouan irrigation scheme, which is a protective tariff to her industries, then I would give the sea island cotton people some tariff and equalize it.

Mr. COCKRAN. When I asked you what you would recommend, you answered that if your recommendation was followed a commission

would be appointed to ascertain what duty should be levied. My question is just in the line of what your commission would be compelled to do; it would have to ask practical men what the figures should be.

Mr. TOMPKINS. If you will find out what the cost of these new manufactures is in England, and what tariff would be necessary to offset the difference and what we would have to pay, we could tell. But that would not be enough. It is more complicated than I can answer, because it involves inherited skill and knowledge, and it brings up the question of whether we could take up the fine yarns and make them at all or not, no matter what the tariff was, because it might be with them as it is with other things. For instance, we can not make Italian music and sculptures in this country, no matter what the tariff is.

Mr. COCKRAN. That is just what I wanted to get at.

Mr. TOMPKINS. There is the study of that question. I do not think that I, being occupied in a vocation in which I have to make a living, could give the time necessary to find that out. But I would measure it by the results. When we get mills running in this country in competition with those of England, then we know we have got about the right rate of duty.

Mr. COCKRAN. You are able to run your industry under the existing tariff, are you not?

Mr. TOMPKINS. Yes.

Mr. COCKRAN. The present tariff is entirely satisfactory so far as your immediate industry is concerned?

Mr. TOMPKINS. My particular business is contracting engineering. I have some interests in cotton mills, but I have never actually myself run a cotton mill.

Mr. COCKRAN. I beg your pardon. I thought you were engaged in the cotton business.

Mr. TOMPKINS. I am an officer, but somebody else generally runs them. I build a number and am pretty familiar with the general conditions.

Mr. COCKRAN. In these mills with which you are connected as an officer the conditions are satisfactory?

Mr. TOMPKINS. Yes.

Mr. COCKRAN. Now when you speak of the wonderful growth of this industry in England, you are of course aware that England is entirely free trade; there is no protection whatever?

Mr. TOMPKINS. On cotton goods?

Mr. COCKRAN. On any goods that are manufactured.

Mr. TOMPKINS. England gets cotton just as cheap as we do. England gets it as cheap as Fall River. She does not need any protection.

Mr. COCKRAN. Why is protection needed by Fall River any more than by England, if they both get their raw material on equal terms?

Mr. TOMPKINS. For many reasons.

Mr. COCKRAN. What?

Mr. TOMPKINS. Most of their spinning is done on machines that require great skill, of which we have very few in this country. They have generally throughout their mills a degree of inherited skill that we have not attained the equal of yet.

Mr. COCKRAN. Just stop there a moment. I want to go along with you as you state the matter.

Mr. TOMPKINS. Yes.

Mr. COCKRAN. The superiority that England enjoys there is in the skill of her operators, according to you?

Mr. TOMPKINS. Well, yes; that is one of the things we want to offset with the tariff, precisely. It is one of the factors.

Mr. COCKRAN. One of the factors. Let us examine that now.

Mr. TOMPKINS. All right.

Mr. COCKRAN. Do I understand that you advocate a scheme of tariff taxation by which inferior skill here would be enabled to compete with superior skill abroad?

Mr. TOMPKINS. If it was skill that required long training and inheritance, I would, to enable us to get up to it without living in poverty in the meantime.

Mr. COCKRAN. You have heard the statement of the gentleman who preceded you, who stated that in this country an operator was vastly more efficient than he was in England in the cotton industry; did you hear his testimony?

Mr. TOMPKINS. Yes; but I do not think you interpreted it as I understood it.

Mr. COCKRAN. Perhaps I did not. Will you give me your understanding of it?

Mr. TOMPKINS. The loom that his father ran was old and out of date at the time that he was running six. That loom has become old and practically out of date now, and some weavers run 20 and 25 now; but that is not in the extraordinary skill of the weaver, or that is not inherited skill; that is in the mechanical improvement of the loom in this country.

Mr. COCKRAN. You must have overlooked the fact that I asked him specifically whether the productive capacity of the operator in this country was superior to that of the operator in England, and he said it was.

Mr. TOMPKINS. The productive capacity of the operator becomes superior by the assistance of the improved machinery. It is a question whether his father might not have been as good a weaver as he was. I would not be surprised if he would not say that he was before the improved condition of the machinery and the limit set making it possible for him to tend six where his father could not tend but four.

Mr. COCKRAN. Let me see if I understand you.

Mr. TOMPKINS. There may have been trade unions influencing the thing to keep down the number of looms that a man should tend.

Mr. COCKRAN. Your idea is that in England they have a productive capacity superior to what we have in this country?

Mr. TOMPKINS. They have advanced further between the time that he talks about his father running two looms and the present time than we have in this country.

Mr. COCKRAN. Would you state it as a matter of fact, if you know anything about this industry, that the productive capacity of the English operators is higher than the productive capacity of American operators?

Mr. TOMPKINS. When based upon knowledge and skill it is, but when based upon the improvement of American machinery it is not, and it depends upon which is which.

Mr. COCKRAN. As a result of that, would you be prepared to say that one was more efficient than the other; and if so, which?

Mr. TOMPKINS. You mean the labor?

Mr. COCKRAN. I mean the productive capacity; the capacity to turn out work.

Mr. TOMPKINS. I do not know enough about English operators to give an idea. It would require a number of accurate figures, which I have not got. I can not answer the question as you put it.

Mr. COCKRAN. All right; I understand. Now you say that a tariff that is excessive is as bad as a tariff that is inadequate; but you do not undertake to give an idea of what would be either an excessive or an inadequate tariff.

The CHAIRMAN. He said there were other reasons why there ought to be a protective tariff.

Mr. COCKRAN. That was not my question.

The CHAIRMAN. No, but you seem to have wandered off from your original question. He started to answer and you interrupted him.

Mr. COCKRAN. Did I interrupt your answer?

Mr. TOMPKINS. I answered that half an hour ago.

The CHAIRMAN. He answered this same question. You asked him his reasons, and he stated one, and then you spent half an hour or so asking questions about that.

Mr. COCKRAN. Whenever the light is turned on the time seems exceedingly long to the chairman. If I have interrupted you at any time in giving an answer, I ask your pardon, and ask that you complete it now.

The CHAIRMAN. You asked him about the matter of the difference, and why we should want a tariff. I do not recollect the form of the question, but the question was why did he want a tariff as against England?

Mr. COCKRAN. Yes.

Mr. TOMPKINS. Because of inherited skill, because of England's world markets, that she can handle her products in her own ships all over the high seas of the whole world, and if I had the time I could give you a great many others.

Mr. COCKRAN. What I mean is this: To review the conditions, one of the important ones is the English merchant marine?

Mr. TOMPKINS. One of the important ones is the English merchant marine.

Mr. COCKRAN. Do you think that English goods get any lower rates in English ships than the goods of England's competitors?

Mr. TOMPKINS. They get prompt delivery to all parts of the world. If we ship a bale of goods to South America, it is liable to go to Liverpool and lie on the docks for three or four weeks until they have not got any of their own to carry, and then they carry ours. You can not build up a business on that basis.

Mr. COCKRAN. Do I understand that your conception of the foreign trade is that an American bale, if landed in Liverpool, will be allowed to stay there until all English goods have been forwarded?

Mr. TOMPKINS. I mean to say that we are very much handicapped by the superiority of the English merchant marine and the inferiority of our own.

Mr. COCKRAN. I am asking you in what particulars that works a hardship.

Mr. TOMPKINS. I have explained to you.

Mr. COCKRAN. I am asking you now. Do I understand you to say that if a consignment of goods to South America is landed on a Liverpool dock, those goods would be left there until all English goods of every kind were exported and exhausted?

Mr. TOMPKINS. No; I did not say anything of that sort.

Mr. COCKRAN. Can any merchant ship make any discrimination between goods that are offered to it for shipment, based upon the place where they happen to have been manufactured?

Mr. TOMPKINS. If it was only a question of the American going to some foreign port having to go on an English vessel and sell in competition with an Englishman on the same vessel, that would be a big handicap in itself.

Mr. COCKRAN. It would be?

Mr. TOMPKINS. Yes.

Mr. COCKRAN. Although they would be taken on perfectly equal terms?

Mr. TOMPKINS. Certainly.

Mr. COCKRAN. Where would the handicap come in?

Mr. TOMPKINS. If a man doing business in this town sent his drummer out in the other fellow's carriage, with the other fellow's drummer riding in the same carriage and saying that he brought this fellow out, how could the two of them be on the same level?

Mr. COCKRAN. Do I understand you to say that if a purchaser is offered cloth, for instance, made by two rival manufacturers, before he decides which one he will give the preference to he will look up to see what kind of a flag is floating over their heads? Do they do that? Is that usually the way it works?

Mr. TOMPKINS. Yes; I think they would. I think you would have precisely that thing.

Mr. COCKRAN. You think so?

Mr. TOMPKINS. The purchaser would not be literally looking at the flag, but he would be taking into consideration all the influences, jointly, which the flag represents, and it is a big influence.

Mr. COCKRAN. Then it is on that conception of trade and the methods of trade that you advocate these tariffs?

Mr. TOMPKINS. That is one element. As I told you at the start, inherited skill is another element; and I think we could go on for a long time and show some points in which we had the advantage. But it is not in raw cotton; it is not in having foreign markets; it is not in having the inherited skill that those other countries have; and in all those particulars we are very much handicapped.

Mr. COCKRAN. Now, you have completed your answer, have you, so that Mr. Payne will not charge me again with having interrupted you?

Mr. TOMPKINS. I will take your side if he does.

Mr. COCKRAN. I mean to say, you have given us all the reasons you have?

Mr. TOMPKINS. No; I have not. I think I could give up a great many more.

Mr. COCKRAN. I should like to have you give them.

Mr. TOMPKINS. I do not want to consume the time of the committee.

Mr. COCKRAN. Oh, well, it is time very well spent. We are here just to make this inquiry.

Mr. TOMPKINS. I will make up a statement of them and send it back to you. I can do it better if I am not harassed with too many questions. [Laughter.]

Mr. COCKRAN. I do not want to put a single question to you that will harass you.

Mr. TOMPKINS. I will take that back. You must excuse me. I did not mean it that way. I simply meant that under interrogation I might not do as well as I could in the quiet of my office.

Mr. COCKRAN. That is right; and that additional information you will let us have?

Mr. TOMPKINS. Certainly.

Mr. COCKRAN. Thank you very much.

Mr. CLARK. Mr. Tompkins, you live at Charlotte?

Mr. TOMPKINS. Yes; Char'lotte, not Charlotte'.

Mr. CLARK. I beg your pardon; it is a very fine town, however it is pronounced. It is true, is it not, that North Carolina has perhaps made greater advancement in material development in the last eight or ten years than the majority of Southern States, to put it that way?

Mr. TOMPKINS. Yes; I think so; but there are many other Southern States that might take exception to that way of putting it. We have made great progress.

Mr. CLARK. That can not be helped. What I am getting at is that North Carolina has made great progress.

Mr. TOMPKINS. Yes.

Mr. CLARK. Do you attribute all of the progress that North Carolina has made from this lamentable condition which you stated—and I do not think you overstated it at all—that prevailed in the first, second, and third decades after the close of the civil war, to the establishment of cotton factories in the South?

Mr. TOMPKINS. Very far from it; because there have been established over \$100,000,000 worth of cotton-oil mills, which have had their influence in proportion; a whole lot of furniture factories; a whole lot of steel mills; new railroads have been built; and all of that has had an influence.

Mr. CLARK. I am glad to hear you say so. I understood you to intimate, or I thought it was a fair conclusion from what you said, that all of this uplift was produced by the establishment of cotton factories in the South.

Mr. TOMPKINS. Factories, yes; but I think if you will refer to the record you will find that I did not limit it to cotton factories. Still that is neither here nor there now. It is not the cotton factories, it is the diversified pursuits in manufactures and in commerce, both.

Mr. CLARK. That is a very philosophical remark and I am glad you made it. I believe in it. I wanted to ask you this question—this is what I was leading up to—

Mr. TOMPKINS (continuing). Due, perhaps, primarily to the abolition of slavery, which you gentlemen helped us along in.

Mr. CLARK. It was due primarily to the discovery of America, was it not? [Laughter.]

Mr. TOMPKINS. Well, then, you might as well go back to Adam, and be done with it. [Laughter.] It was, perhaps, due to Eve eating the apple.

Mr. CLARK. You have evidently played poker in your time; you know how to raise a fellow. What I was leading up to was this: Charlotte is in the center of the great developed and undeveloped water power of the South, is it not?

Mr. TOMPKINS. Yes, sir.

Mr. CLARK. Have you ever been able to apply electricity to any of the cotton-manufacturing industries down there or to any of the rest of them?

Mr. TOMPKINS. We have about 80,000 horsepower now applied in one big development—the Southern Power Company. In various smaller developments theretofore made we have gotten about 50,000 more; and there are about 100,000 more in process of development. We will have water power equivalent to about 3,000,000 Chinese coolies, half of which is in operation now.

Mr. CLARK. That is the reason I asked you. You told me that once at the hotel in Charlotte.

Mr. TOMPKINS. Then I am sorry I told you again.

Mr. CLARK. I am glad of it. Now, I want to ask you another question.

The CHAIRMAN. You had better go down to Charlotte again.

Mr. CLARK. No; I got a good deal of information down there, and some money.

Taking into consideration the fact that the Southern States have more water power undeveloped than all the rest of the country put together, and have a better climate for the purposes of work, and have the cotton on the ground, so that they do not have to pay freight rates to New England, or old England, either, or any other place, is it not inevitable that in a very few years the whole cotton industry will go South?

Mr. TOMPKINS. The cotton industry can not come South without the people; and we have not got the people.

Mr. CLARK. But the people are coming, are they not?

Mr. TOMPKINS. No; far fewer New England people or any other people have come to the South in connection with these developments than has been said. Literally none have come in connection with the cotton-oil industry and not 5 per cent of even the important ones of those engaged in the cotton industry.

Mr. CLARK. As soon as these New Englanders find out that they can make more money down there than they can up in New England they will all "light out" for that southern country, will they not?

Mr. TOMPKINS. I want to assure them that they need not be asking for any protection against us. I am one of those who believe that if cotton can be landed in Fall River as cheaply as it can be in Charlotte (and it can), the people of New England are not going to be quitters in a business that they have as much opportunity to do as we have. The cotton will go to the people. It is like the manufacture of fine goods in Switzerland. The Swiss do not have to quit making Swiss muslin and Swiss embroideries and emigrate to this country. They can afford to pay to carry the cotton there, and they do. We have quite an uphill piece of work before us before we take possession of any very large part of the cotton-manufacturing industry, which is a world industry, and which involves the movement of millions upon millions of people before it is seriously interfered with in other parts of the country.

Mr. CLARK. One other question, and I will quit you. Do you not know that every intelligent man in your part of the country and in mine believes and almost knows that, tariff or no tariff, high tariff or free trade, the future is ours in the commercial development of this country?

Mr. TOMPKINS. The future is ours?

Mr. CLARK. The future is ours—the future belongs to the South and the Southwest as compared with the North?

Mr. TOMPKINS. I do not know that, and I do not believe that. [Laughter.] I believe we will have to compete for it now and in the future. There are many favorable conditions in New England that we have not got. One, for instance, is capital and cheap interest rates.

Mr. CLARK. But capital always follows profits.

Mr. TOMPKINS. Oh, it will grow. We will not give up.

Mr. CLARK. We have the climate, and we have the free raw material, have we not? And they have the money and they have the manufacturing skill? I am talking comparatively, of course.

Mr. TOMPKINS. We have not got free raw material any more than they have. They can get cotton in Fall River just as cheaply as we can in Charlotte.

Mr. CLARK. They can?

Mr. TOMPKINS. Certainly; and they are doing it.

Mr. CLARK. They raise cotton all around Charlotte, do they not?

Mr. TOMPKINS. Certainly; but we pay just as much for cotton as they do in Fall River; and Fall River pays just as much as Manchester does. Manchester can get her cotton from Galveston and put it in ships and bring it to Manchester as cheaply as Fall River can get it from New Orleans; and we have to pay the difference or we do not get the cotton. We have to pay the same price.

Mr. CLARK. You do not undertake to say that the rates to Charlotte on raw cotton to be manufactured are as high as the freight rates to Fall River, do you?

Mr. TOMPKINS. We pay the Mississippi price for cotton, plus the freight rate to Charlotte; and that is the price in Charlotte of the locally raised cotton.

Mr. CLARK. What do they pay?

Mr. TOMPKINS. Who?

Mr. CLARK. The Fall River men?

Mr. TOMPKINS. If I pay the same as they do, they pay the same as I do. [Laughter.]

Mr. CLARK. I know; that is a very simple proposition; but do you say that the Fall River man pays the same freight rate that you do?

Mr. TOMPKINS. I believe he pays a little less from New Orleans and Galveston by water than we do overland from Mississippi to Charlotte.

Mr. CLARK. I know; but you are picking out the extreme point.

Mr. TOMPKINS. No; I am picking out the point that we are actually getting cotton from, where a great many people in my section buy cotton—in Mississippi, and ship it to Charlotte.

Mr. CLARK. They have to ship the cotton in the first place to New Orleans, do they not?

Mr. TOMPKINS. No; they can ship it direct overland by rail; and that is the way it comes to Charlotte.

Mr. CLARK. I know; but do they ship it overland to Fall River, too?

Mr. TOMPKINS. Sometimes they do, but I expect it goes mostly by boat. I do not know about that.

Mr. CLARK. Take Vicksburg, for instance—I just happened to think of that. Can the Fall River men get raw cotton from Vicksburg at the same freight rate that you can get it from Vicksburg?

Mr. TOMPKINS. I do not know about freight rates; but I do know that we pay about the same price for cotton that the Fall River people do, and that the Manchester people pay about the same.

Mr. CLARK. Is not this the truth of it: That you pay about the same per bale or per hundredweight, or whatever you sell it by, and that you pay that plus your freight rate; and the Fall River man or the Manchester man or any other man pays the same price for the cotton that you pay, plus his freight rate?

Mr. TOMPKINS. It all amounts to the same thing—that, in general, cotton costs delivered in Charlotte about the same price that it costs delivered in Fall River or in Manchester.

Mr. CLARK. That is, counting freights in?

Mr. TOMPKINS. Counting freights in.

Mr. CLARK. There must be something radically wrong about the freight business, then.

Mr. TOMPKINS. We think so ourselves.

Mr. POU. I should like to ask you a question or two, if you please. You are familiar with the cost in England and in the United States of the kind of cotton-mill machinery that we use largely in the South, are you not?

Mr. TOMPKINS. Yes.

Mr. POU. Will you please tell us the difference in the cost of spinning machinery, for instance?

Mr. TOMPKINS. England spins mostly with mule spindles, and we have ring spindles, so that it would be difficult to make the comparison. The mills are entirely differently organized. They talk about a mill in England being worth \$5 a spindle to build it new. In this country \$20 a spindle is a rough way of speaking of the cost of the mill. In England they do not own any operatives' houses. They do not do any weaving. There are a whole lot of factors that enter into that comparison that would have to be considered before the answer would be intelligent at all.

Mr. POU. Is it not a fact that the protective tariff makes cotton-mill machinery considerably higher to the people of the United States?

Mr. TOMPKINS. Why, certainly. If it did not, there would be no object in protection; and it acts on cotton goods in the same way, which is what we want here to-day.

Mr. POU. We have a common expression of "\$20 per spindle." I believe?

Mr. TOMPKINS. Yes.

Mr. POU. So that the cost of a 5,000-spindle mill would be \$100,000. How much less could that mill be built for if we had absolute free trade?

Mr. TOMPKINS. With English machinery? It would depend upon how you equipped it. You might buy one kind of machinery and make it come out one way, and buy another kind of machinery out of

England and make it come out another way. But the duties on cotton-mill machinery vary from practically nothing up to 30 or 40 per cent. The average would be 15 to 20 per cent. We are brought face to face with the question of how much of that 15 per cent, if that is the right figure—and that is what I am telling you that I have not got enough figures by me to give you—how much of that is due to the difference in the American wage, and the American habit of living, and the American living in a house that is built for him, and a whole lot of questions of that sort. If you could formulate just what you want to know, I could take it, as in the case of the other question, and work it out to some intelligent solution. But I could not do it offhand in this way, because I have not got the facts.

MR. POT. Do you think the cotton-manufacturing industry in the South receives any benefit from the protective tariff?

MR. TOMPKINS. Why, yes. That is the thing we are here to talk about—to maintain a protective tariff on the ground that it does do good.

MR. POT. I did not understand that you were talking about that particular industry in our particular section. I had not understood that you had specialized to that extent.

MR. GRIGGS. Mr. Tompkins, you stated a few moments ago, as I understood you, that the product of the South had been increased from three hundred millions of dollars to a billion and a quarter. You did not mean by that that the price of the cotton crop had increased that much?

MR. TOMPKINS. I meant that 10,000,000 bales of cotton, which I spoke of as being worth ten or twelve years ago \$300,000,000, were worth last year over \$600,000,000.

MR. GRIGGS. Yes.

MR. TOMPKINS. There are 600,000,000 for what we formerly got 300,000,000 for. I meant that the cotton-oil product, which is a totally new asset and resource, is worth a hundred millions more. I meant that the perishable farm products made valuable by the consumption of the manufacturing population were worth a hundred millions more. You can build it to a billion and a quarter without any difficulty whatever; and I think it is true.

MR. GRIGGS. I simply wanted to ask you what you meant; that is all.

MR. TOMPKINS. Yes. It is the general receipts from the most important vocations in the South which formerly amounted to three hundred millions, and now amount to a billion and a quarter, and the influence of the diversified manufacture development, which takes them out of cut-throat competition with each other and makes consumers where they were formerly competitive producers, and in some cases makes new sources of income.

MR. UNDERWOOD. I should like to ask you a few questions on this proposition, Mr. Tompkins.

MR. TOMPKINS. Certainly.

MR. UNDERWOOD. If I understood you correctly, you stated that in this last decade the price of the cotton crop in the South had increased from three hundred millions to six hundred millions; and you attributed that to the increase of cotton mills or manufactories in the South. Is that true or not?

Mr. TOMPKINS. No; not cotton mills—all manufactories; diversified occupations based upon manufacture and commerce.

Mr. UNDERWOOD. The thing that fixes the price of cotton (we will limit the question to cotton, because that is what we have under discussion) is the demand for the article. You agree that the question of supply and demand is really, in the cotton market at any rate, the question that fixes the price, is it not?

Mr. TOMPKINS. Supply and demand; yes.

Mr. UNDERWOOD. I said supply and demand.

Mr. TOMPKINS. But not demand alone.

Mr. UNDERWOOD. I said supply and demand.

Mr. TOMPKINS. Yes; all right.

Mr. UNDERWOOD. And you attributed that to the increased cotton manufactories in the South?

Mr. TOMPKINS. No; I did not.

Mr. UNDERWOOD. And the building of railroads?

Mr. TOMPKINS. I attributed it to the development of diversified manufacture—commerce and manufacture—of which cotton manufacture is an important element.

Mr. UNDERWOOD. The building of railroads and the building of steel plants and the development of other industries does not make any demand for cotton; does it?

Mr. TOMPKINS. It makes consumption of cotton and increases the world's consumption; and it does this—

Mr. UNDERWOOD. We will agree on that.

Mr. TOMPKINS. If you please, I want to answer your question.

Mr. UNDERWOOD. Certainly; go ahead.

Mr. TOMPKINS. It affects the question of supply and demand very materially, because it curtails the supply. It takes so many people out of the production of cotton that we see it has increased very much less than it did in the first three decades; and therefore the increase is more due to the curtailment of the supply, which does not mean that the supply of cotton is less. I think I see your question already. There is more cotton produced now.

Mr. UNDERWOOD. Certainly; certainly.

Mr. TOMPKINS. But in the first three decades the production was doubled every ten years. In the last ten years it has practically remained the same; and there is where the diminished supply comes in.

Mr. UNDERWOOD. In the last ten years we have had two 13,500,000-bale crops, and at the beginning of the decade it had never reached more than a 9,000,000-bale crop; had it?

Mr. TOMPKINS. If it had increased in the same ratio as it did in the first three decades, we would have been making 20,000,000 bales of cotton right now, and it would be selling at 5 cents a pound.

Mr. UNDERWOOD. But, as a matter of fact, the price of cotton is fixed in the world's markets, and not on our local markets; is it not?

Mr. TOMPKINS. But the supply is fixed in our local markets, wholly or so nearly wholly that whatever affects the supply from our market affects the world market.

Mr. UNDERWOOD. Unquestionably; but we will both agree that there has not been a diminution in the supply in the last decade.

Mr. TOMPKINS. There has been a diminished rate of increase—a very much diminished rate of increase.

Mr. UNDERWOOD. But there has been a very large increase, whether the rate has been less or not?

Mr. TOMPKINS. The rate is what counts, though, because the increasing rate of the world is continuing, and those very people who went out of the business and made the rate of increase less have become consumers and have increased the other end of your very proposition. It is regulated by supply and demand. Every man that quits the cotton field and goes into a steel mill or an oil mill or a woolen mill diminishes the supply, or the rate of increase of the supply, and increases the demand; and that is what has made the difference in the price of cotton. That is what has made the difference in the prosperity of the South.

Mr. UNDERWOOD. Yes; but of course if the supply fell off in proportion to the increased demand, it would increase the price. But the supply has actually increased. It is the world's market that makes the demand. The supply is local, but it is the world's market that makes the demand. Do we not agree on that proposition?

Mr. TOMPKINS. Yes; but it is the local market that makes the supply, and that is the biggest factor in this question of the change of price.

Mr. UNDERWOOD. Wait a minute; I want to ask you this question:

Mr. TOMPKINS. All right.

Mr. UNDERWOOD. You spoke about the increase of the number of looms in England. Have not the English looms and the foreign looms increased very much more greatly in proportion in the last ten years than the development in the South has been?

Mr. TOMPKINS. How do you mean—increase in numbers or in improvement?

Mr. UNDERWOOD. In the amount of production, the amount of consumption of cotton. The loom consumes cotton. Has not the consumption of the looms in England and in other foreign countries increased very much more greatly than the amount of increase in the South?

Mr. TOMPKINS. There has been a large increase.

Mr. UNDERWOOD. It has been very much greater in proportion, has it not?

Mr. TOMPKINS. England's spindles have increased from practically forty to fifty million spindles in the last decade, say. I am speaking from general knowledge, now, but without accurate knowledge.

Mr. UNDERWOOD. Relatively, though, I think we will agree (I think you stated this a while ago in your answer to a question) that the increase in the foreign looms has been much greater than it has been here at home.

Mr. TOMPKINS. No; I did not say that.

Mr. UNDERWOOD. I understood you to say that.

Mr. TOMPKINS. Perhaps in numbers—the increase in foreign spindles I stated; not looms. I am not familiar with the loom business.

Mr. UNDERWOOD. Now I want to ask you this question: I agree with you thoroughly that we are in a most happy condition in the South; that we have come out of our adversities notwithstanding the high taxes that we have had to pay and a great many other loads that we have had to carry; and the South is prospering and coming to the front as no other part of the country is. But I want to ask you this: I noticed awhile ago that you referred to the increased supply of

gold, and I judged from what you said that you believe in the quantitative theory of money. Is that correct?

Mr. TOMPKINS. I do not know what that is. [Laughter.]

Mr. UNDERWOOD. In other words, that the amount of basic money in the country is what measures the value?

Mr. TOMPKINS. Certainly, I think so.

Mr. UNDERWOOD. I know that you are one of the best-informed men in the South, and of course you recognize the fact that in the last decade the amount of money in this country has increased from \$22 per capita to \$35, and that the world's supply of gold has very largely increased in the last decade. Do you not think that that has had a very great effect on the price of cotton, cotton goods, and all other agricultural products?

Mr. TOMPKINS. I do not think the increase of gold has gone far enough yet to more than offset the increase in the industrial development. I think that relatively we have approximately the same amount of money as we had before this great industrial development began. But if it continues ten years more, and we do not keep the industrial development parallel with it by protection or otherwise, then I think we will begin to see high prices, high interest rates, and inflation. But there are other people who are better students of finance than I am who think that we have not got too much money for what we are doing; that we have increased to the extent that we have in proportion to the increase of money, and that we are going to keep on doing it.

Mr. UNDERWOOD. Of course; and I agree with you thoroughly. I think it is an excellent thing to have plenty of money in the country.

Mr. TOMPKINS. That is rather speculative, however.

Mr. UNDERWOOD. But as I understood you to say a while ago that by reason of the large increase of this basic money in the country we were increasing the price of the commodities of the country, and thereby lessening the rate of duty, or removing the protection by increasing the value of the article, due to the increased supply of gold. Is that what you said?

Mr. TOMPKINS. I suggested that that was a consideration which was worth the attention of this committee. I did not make any prediction as to whether it would come true or not, because there are counter speculations.

Mr. UNDERWOOD. If it is worth the attention of this committee, is it not worth the attention of this committee that in all probability the increased value of cotton, the fact that we are selling cotton for a higher price and at a larger profit now, is due to the increased supply of basic money in the country?

Mr. TOMPKINS. It may be in a very slight degree; but it would only be in a very slight degree, because up to the present time the South has had a less proportion of the money than she ought to have had to do the business she has done. It has been done on a very limited capital. And if we admit your proposition that it has had some influence, still we can not disregard the proposition that the drafting of so many people out of the production of cotton and into other fields of labor, making them consumers, making them consumers of perishable farm products, which give occupation to a great many who were left in the cotton fields, has had an important influence and the most important influence and the most certain influence. It may be

that the increasing production of gold has slightly stimulated the price of cotton, but as to the great increase, that 100 per cent increase, at least 90 per cent of it has been due to the industrial development of the South, the drafting of her working population out of the cotton fields into the factories, and the factory population becoming consumers of cotton and consumers of perishable farm products, which are made by farmers who would otherwise make cotton.

Mr. UNDERWOOD. Mr. Tompkins, I would like to ask you this question—

Mr. TOMPKINS. Certainly.

Mr. UNDERWOOD. Do you think that the relative increase of the cotton crop and the increase in the price is greater than that of corn or of wheat or of the other agricultural products that in the last ten years have developed in value and in price and in the extent of the crop throughout the confines of the United States, and are not confined to the South?

Mr. TOMPKINS. I think that in the last ten years, if the whole population in a corn-growing district or a cattle-growing district or any other agricultural district had continued to stay on the farm and do nothing but stay on the farm and produce corn, or wheat, or live stock, as the case may be—if those sections had not developed diversified manufactures, corn would be worth one-half what it is; and I think that the parallel between them and cotton is exact.

Mr. UNDERWOOD. We agree on that proposition entirely; but I thought you were basing your arguments entirely on the development of the cotton mills in the South, irrespective of the growth of the country and the world. Of course we will agree that if all the world went to raising agricultural products, agricultural products would soon have a very small relative value. But now I want to ask you this question in reference to the measure of the value of cotton: The value of cotton is not measured by the money in the South. The value of cotton is fixed in the Liverpool and the New York markets, is it not?

Mr. TOMPKINS. The gold is not all in the South; but the value of cotton is a world proposition, and gold is a world proposition.

Mr. UNDERWOOD. Undoubtedly; but it is fixed in the markets of the world?

Mr. TOMPKINS. Certainly; and if gold diminishes much in value its effect to increase the price of cotton in the South is all that I am talking about.

Mr. UNDERWOOD. Certainly; we agree on that proposition, but it is not confined merely to the development of the South. It is confined to the development of the world, which fixes the price.

Mr. TOMPKINS. Your remark, "We agree upon that proposition," reminds me of one I have often made—that we have got to raise enough revenue to run this Government by the tariff, together with some internal revenue.

Mr. UNDERWOOD. I agree with you most heartily on that proposition.

Mr. TOMPKINS. But I believe that 80 per cent of the people of the United States favor a tariff for protection which incidentally raises revenue, or a tariff for revenue which incidentally protects; that the difference between the two is the difference between tweedledum and tweedledee; that the so-called "free traders" are mostly the-

orists; that if you should turn the Government over to them they could not run it, and if you should turn it over to the "stand-patters" you would not have it long. [Great laughter and applause.]

Mr. UNDERWOOD. I am glad to say that I agree with you again.

Mr. TOMPKINS. I am in favor of protection first. I would put protection before the raising of the revenue, and if it a little more than raises the revenue I would re-lay it so as to protect American industries. It has to protect American industries; it has to raise the revenue; it has to do both of those things.

The CHAIRMAN. Do you still say "amen" over there?

Mr. UNDERWOOD. No; I do not. [Laughter.] I think the important thing is first to raise the revenue; the incidents may come afterwards.

Mr. TOMPKINS. But you have got to have a tariff to raise revenue.

Mr. UNDERWOOD. Yes; I agree with you about that.

Mr. TOMPKINS. Now, if you have got to do it what difference does it make whether we call ourselves, in politics, in favor of a tariff for revenue which incidentally protects or a tariff for protection which incidentally raises revenue? Take a man who favors a tariff for revenue which incidentally protects—is there a man in Congress who, knowing that he had to raise so much money here, would not lay it in favor of American industries as against laying it on tea and coffee?

Mr. UNDERWOOD. There is a distinction, though, Mr. Tompkins, in this: Some of our friends who believe in protection would lay a tax that is prohibitive and allows no competition and raises no revenue; whereas we who believe in a revenue tariff believe in producing some revenue for the Government at the same time that the tariff may incidentally effect the result that you desire.

Now, there is one question aside from this theory—

Mr. GAINES. Are you talking about a tariff for revenue only, or a tariff for revenue with incidental protection?

Mr. UNDERWOOD. A tariff for revenue is a tariff for revenue. The other result may follow; but if it is laid for revenue it is laid primarily for revenue, and it is not necessary to go further.

Mr. TOMPKINS. You can not help going further.

Mr. UNDERWOOD. It will go of itself, though. At least the committee does not have to carry it any further.

Mr. TOMPKINS. You have to lay these tariffs.

Mr. UNDERWOOD. Undoubtedly.

Mr. TOMPKINS. Are you going to lay a tariff on silk dresses, and so on, and tea and coffee; or are you going to lay it on the cotton-manufacturing industry, the industry of the South that raises the condition of the farmer 100 per cent in ten years?

Mr. UNDERWOOD. I thought we agreed that the world's supply of gold had an effect on the tariff. But, Mr. Tompkins, I want to ask you a practical question about your milling interests there. The mills in the South largely produce the coarser fabrics, do they not?

Mr. TOMPKINS. Generally speaking, yes; but there are some mills now going on to finer numbers, and that is the purpose of talking to you about the finer numbers. I have no desire to occupy your time with speculative theories about matters which do not concern us practically.

Mr. UNDERWOOD. On that question of the coarser fabrics, I wanted to ask you where the mills of the South find their market for the coarser fabrics of cotton goods?

Mr. TOMPKINS. Chiefly in the United States; to a very limited extent in China; and to a still more limited extent in a few foreign countries that it is hardly worth while to mention, because they do not amount to much.

Mr. UNDERWOOD. Quite a considerable amount of the cotton fabrics that are produced in this country, and largely from the southern mills, find their market in the Orient to-day. That is a fact, is it not?

Mr. TOMPKINS. Certainly.

Mr. UNDERWOOD. And in the Orient they meet the British goods in a free-trade market, on a competitive basis, and are able to compete on those fabrics in that market without a protective tariff; is not that true?

Mr. TOMPKINS. That is true.

Mr. UNDERWOOD. In that case, dismissing for the time being the question of a revenue tariff, which I agree with you on—I think we must levy a revenue tariff; but so far as a protective tariff is concerned, when we can meet our competitor, the English mill man, in the markets of the Orient and fight him on an even basis, does not that indicate that we would be able to survive whether we had the tariff or not?

Mr. TOMPKINS. If conditions all remained the same: yes.

Mr. COCKRAN. You made one remark to Mr. Clark which I consider of the greatest importance, Mr. Tompkins. You stated that perhaps the most important element in the growth of the South was the abolition of slavery.

Mr. TOMPKINS. There is no doubt about that.

Mr. COCKRAN. And by that I presume you meant that you found free labor much cheaper in the sense of being much more productive than slave labor?

Mr. TOMPKINS. To say that it is much cheaper would involve an apparent contradiction, which, nevertheless, is not the case. We pay free labor, and we did not pay the slaves.

Mr. COCKRAN. Exactly.

Mr. TOMPKINS. The inferior initiative of the slave, the inferior energy of the slave—and I speak of the slave exactly as if he was a white man; it would be applicable just the same—make the present condition far the most profitable and far the most in accord with modern Christian civilization.

Mr. COCKRAN. In other words, you agree that the cheapest labor that was ever known (slave labor) was really the most expensive, the most wasteful?

Mr. TOMPKINS. Not the most expensive, but the one that led to the degeneration of the country. Before the institution of slavery was thoroughly established in the South, or more thoroughly established than in the rest of the country, we had diversified manufacturing interests. The section that I live in was once the most progressive manufacturing section in the United States. In the time when we had free labor and diversified manufactures cotton ranged from 28 cents a pound up to 44 cents a pound, without any constraining influence like the civil war, which carried it to 80 cents a pound. As the institution of slavery grew, and as slaves began to be imported (and I will omit the reference to New England that is usually made in this connection), cotton went down, down, down, to 5 cents.

The population and wealth of my State practically remained the same from 1830 to 1860, getting more and more under the control of slavery. There are people who think that white immigration stopped there because of the negro. It did not. It stopped because of the institution of slavery. They think that manufactures dried up because of the negro. But they did not. We see manufactures revived in the presence of more negroes than we ever had before. So that it is this matter of making national laws to foster diverse occupations that is making it possible for us to get back to the position that we formerly occupied, relatively, in this nation. We have got a start there, and we do not want these favorable conditions interfered with.

Mr. COCKRAN. Exactly. You agreed with me, I think, that this labor which cost nothing in the way of wages was in fact much less profitable?

Mr. TOMPKINS. Much less profitable—that is a better way to put it.

Mr. COCKRAN. It is the same thing to me. It was much less profitable than free labor which is paid a daily wage?

Mr. TOMPKINS. Certainly: I agree with you on that proposition.

Mr. COCKRAN. I agree with you fully.

Mr. BOUTELL. There are just two points I want to refer to in reference to their effect upon the development of the cotton manufacturing industry under protection in the South, and particularly in the State of North Carolina. According to the census, North Carolina has the smallest percentage of population of foreign birth or parentage of any State in the Union.

Mr. TOMPKINS. I have heard that said frequently, and I believe it is accurate.

Mr. POU. One-tenth of 1 per cent, is it not?

Mr. BOUTELL. According to the census, it is a mere trace; and your population is made up very largely of English, Scotch, Irish, Moravians, and a few Huguenots. So that you have in North Carolina, have you not, as good a material as there is in the world to draw on for educating these skilled mechanics in textile work?

Mr. TOMPKINS. Yes; and in the colored labor we have a good labor to draw upon for the general work. Instead of the colored man being a disadvantage he is an advantage. It was the institution of slavery which was a disadvantage, not the colored man. So you can include him in your list of good laborers.

Mr. COCKRAN. It is a free laborer's advantage?

Mr. TOMPKINS. Yes.

Mr. BOUTELL. But I had particular reference to the development of the cotton manufacturing industry in North Carolina under protection, when the time comes when they can make these finer classes of goods.

Mr. TOMPKINS. Yes. We have as good material to make good labor as any part of the country has.

Mr. BOUTELL. Yes. The second point was this: Like my friend Mr. Clark here, I also received enlightenment from North Carolina, and I wish we had the time for you to tell this committee briefly what you told me three and a half years ago at Charlotte in reference to the effect of the establishment of these manufacturing centers and villages upon education. But to put it in a question, it is true, is it not, that the development of these villages, in bringing in people from

the isolated farms and mountain districts, has greatly increased the number of public schools and of the school population in western North Carolina?

Mr. TOMPKINS. Very much so; and I am willing to answer at any length your question, if the patience of the committee holds out.

Mr. BOUTELL. I know it would interest them, Mr. Tompkins, if they could hear it; but I wanted to bring out that point. That is all, Mr. Chairman.

The CHAIRMAN. Are there any further questions?

Mr. GAINES. We have not had the answer to that.

Mr. TOMPKINS. I am subject to the instructions of the chairman. Shall I proceed to answer for five minutes?

Mr. BOUTELL. I wish he could.

The CHAIRMAN. Yes.

Mr. TOMPKINS. The influence of slavery in the production of cotton was to drive out our free white labor and develop emigration and put a stop to immigration. A great many of the most important men of the Central Northwest left the South during the period from 1820 to 1860 to escape the institution of slavery. A great many free white people were left there without capital and without labor, and they became very poor and did not have schools. The laws which sustained slavery did not provide public schools, because they did not want them among the slaves. And there was a tide of other emigration to the Southwest, carrying slaves with it. Mr. Lincoln was one of our northwestern emigrants. His origin was in North Carolina whether he was born there or not, and a great many others of the best population of the Central Northwest came from that Piedmont region originally. As the institution of slavery became more and more permanently established it left a large number of white people, who, since the civil war, have been brought into the factories out of log cabins in many cases and put in good houses—who have been brought from where they did not have any schools or social life into a condition where schools were provided and churches were provided and means were provided to improve the social life. I speak of the improvement, not alone to that class of people, but to all the white people of the South. When slavery fell, the effects of the civil war could have been recovered from as quickly as France recovered from the war with Prussia, but from the fall of the institution of slavery it took us a quarter of a century to recover, and Christian civilization was for a quarter of a century in the balance.

But having reestablished decent government under white judgment, there began a diversification of occupations. The colored man himself, who had been the slave and who had been one of the disturbing factors in the reconstruction period, became useful; and we have quickly worked out of a condition that was most deplorable for everybody into one in which everybody is making about all the improvement he is entitled to.

That is about the whole story.

Mr. COCKRAN. It is a great phenomenon, is it not?

Mr. TOMPKINS. It certainly is.

The CHAIRMAN. That is all.

STATEMENT OF MR. C. MINOT WELD, OF BOSTON, MASS.

Mr. WELD. We respectfully present the following suggestion for the tariff on cotton yarns:

We consider the present schedule on single-carded yarns satisfactory, because a comparatively small labor cost has been added to the raw material. Since the present tariff bill was passed in 1897 the conditions of our business in regard to yarns advanced beyond the condition of single-carded yarns on cops has greatly changed, and the protection which was considered fair at that time is no longer adequate, as will be seen by the following figures taken from the records at the United States Department of Commerce and Labor. The various finishing processes which have been applied to most of the yarns now imported have so increased the value that the specific duties of the present tariff afford a much smaller protection than when the schedule was adopted. The following table shows some of the more important transactions for the years 1898-1907

No. of yarn and year.	Rate of duty.	Pounds imported.	Value.	Duties.	Average price.	Average ad valorem.
No. 20:	<i>Cents.</i>					
1898.....	6	129,924	\$30,554	\$7,766	\$0.235	25.51
1907.....	6	449,087	149,486	26,946	.333	18.63
No. 30:						
1898.....	7½	76,192	24,761	5,714	.325	23.08
1907.....	7½	230,138	94,493	17,862	.411	18.25
No. 40:						
1898.....	10	130,131	54,991	13,013	.423	23.06
1907.....	10	647,264	366,123	64,726	.411	24.38
No. 50:						
1898.....	12½	45,015	13,476	5,627	.299	41.75
1907.....	12½	237,642	107,158	29,706	.451	27.72
No. 60:						
1898.....	15	165,060	50,401	24,769	.306	49.12
1907.....	15	968,876	471,932	145,331	.487	30.79
No. 70:						
1898.....	17½	261,036	93,048	45,681	.356	49.09
1907.....	17½	598,797	297,938	104,790	.498	35.17
No. 78:						
1898.....	19½	140,485	45,650	27,394	.325	60.01
1907.....	19½	475,843	279,122	92,790	.587	33.24
Total of all yarn imported:						
1898.....		2,742,951	1,057,598	289,122	.24	43.97
1907.....		6,902,481	3,521,860	1,071,891	.51	30.44

This advance in the average price on the imported yarn from 24 cents to 51 cents we believe to be due to the large proportion made from Egyptian, sea island, and other high-priced long-staple cotton, and more especially to the advanced state of manufacture which has added greatly to the labor cost. The large increase in the importation of these highly finished yarns shows the growing difficulty our manufacturers are experiencing in competing with foreign yarns. In view of the facts shown by the above schedule, we believe that we are justified in asking for the following slightly increased tariff on the highly finished yarns which we offer in substitution for paragraph 302 of the act of 1897:

Cotton thread and carded yarn, warps, or warp yarns, in singles, whether on beams or in bundles, skeins, or cops, or in any other form, except spool thread of cotton hereinafter provided for, not colored, bleached, dyed, gassed, or advanced beyond the condition of singles by grouping or twisting two or more single yarns together, 3 cents per

pound on all numbers up to and including No. 15. One-fifth of a cent per number per pound on all numbers exceeding No. 15 and up to and including No. 30. One-fourth of a cent per number per pound on all numbers exceeding No. 30.

Combed single and all twisted yarns or yarns advanced beyond condition of singles by grouping or twisting two or more single yarns together, whether on beams or in bundles, skeins, or cops, or any other form, except spool thread of cotton hereinafter provided for, 6 cents per pound up to and including No. 20, and on all numbers exceeding No. 20 and up to and including No. 50, three-tenths of a cent per number per pound; over No. 50, four-tenths of a cent per number per pound. If colored, bleached, mercerized, dyed, or gassed, an additional duty of one-tenth of a cent per number per pound on all the foregoing.

Mr. UNDERWOOD. I want to ask the witness a question. You say that you want increased duty?

Mr. WELD. On the highly finished yarns.

Mr. UNDERWOOD. I notice that, as given in the government figures here, the total output of yarns in this country is \$450,000,000. Is that about correct?

Mr. WELD. I am not able to answer that; but I think it must be that that includes cloth, as well, to some extent.

Mr. UNDERWOOD. This is only under the yarn schedule that I am reading. I notice that the importations amount to about three and one-half millions.

Mr. WELD. Three million five hundred and twenty-one thousand last year.

Mr. UNDERWOOD. That is about right?

Mr. WELD. Yes, sir.

Mr. UNDERWOOD. Then, according to this schedule, you have a production in the United States of four hundred and fifty millions as against an importation of three and a half millions; or the importations are less than 1 per cent of the production in this country. That practically gives you a prohibitive tariff on the great product of your industry now?

Mr. WELD. These importations are entirely confined, I think, to the higher grades of yarns.

Mr. UNDERWOOD. I understand that; but on the low grades of yarns the schedule to-day is prohibitive?

Mr. WELD. Practically.

Mr. UNDERWOOD. Do you think that the industry is entitled to a prohibitive tariff?

Mr. WELD. Well, I do not think so. There are many grades which are not produced in this country at all, in which we do not compete with the imported yarns.

Mr. UNDERWOOD. I understand that; but that only demonstrates the fact that the duty on the lower grades of yarn is more prohibitive; they are producing no revenue to the Government whatever. Under those circumstances, with the necessity for increasing the revenue, do you not think it is necessary to reduce this schedule rather than to raise it?

Mr. WELD. No.

Mr. UNDERWOOD. You think that your industry is entitled to absolute control of the American market, regardless of raising any revenue whatever, do you?

Mr. WELD. At present our prices on the highly finished yarns are made by the importers.

Mr. UNDERWOOD. But conceding that only the highly finished yarns are coming in and giving you any competition at all, do you not think that the people of the United States are entitled to raise some revenue from this schedule? They raise some revenue from iron and steel; they raise some from tobacco; they raise some from a number of other industries in the country. And do you not think that your industry (which is no longer in its infancy, but is of many years' standing) should have a duty under which some of the revenues of the Government can be raised from it?

Mr. WELD. I think that is a question which will be settled by the Ways and Means Committee.

Mr. UNDERWOOD. Then you do not stand on your proposition that we ought to raise this tariff instead of lower it?

Mr. WELD. I do stand on my proposition with regard to fine yarns. I have asked for no increase on the commoner qualities.

Mr. UNDERWOOD. On the commoner qualities of yarn you think it would stand a decrease of duty?

Mr. WELD. I have no reason to think so.

Mr. UNDERWOOD. You have no reason to think so?

Mr. WELD. No, sir.

Mr. UNDERWOOD. You still stand on the proposition that you are entitled to a prohibitive tariff. Now, while it is only a very small amount, I see that a small quantity of these cotton yarns are exported to Canada. When you go to the Canadian market you go at a disadvantage as compared to the English manufacturer. The differential in the duty is against the American manufacturer in the Canadian market. Is not that so?

Mr. WELD. I understand so; yes, sir.

Mr. UNDERWOOD. If you can compete with the English manufacturer in the Canadian market, where the differential is against you, do you not think it indicates that you would have some opportunity, at least, to compete with England in this market?

Mr. WELD. I do not think there is any material competition.

Mr. UNDERWOOD. Oh, it is only, I admit, a small amount; but it shows that competition can develop in a country where a differential of at least one-third of the Canadian tariff exists against the American manufacturer.

Mr. WELD. I do not think that practically there is any yarn exported to Canada at all. I think that is a fair statement.

Mr. UNDERWOOD. I wanted to understand your position on that point, as to whether you thought that your industry was entitled to a prohibitive tariff or not; that is all.

Mr. COCKRAN. As I understand you, you are not speaking here from any other point of view but just what you want to get for your own profit?

Mr. WELD. That is all.

Mr. COCKRAN. The public interests are not at all a matter with which you concern yourself? You leave that to us?

Mr. WELD. Yes, sir.

Mr. COCKRAN. That is it, of course.

STATEMENT OF MR. B. M. MILLER, JR., OF CHARLOTTE, N. C.

Mr. UNDERWOOD. Will you give us the number of the paragraph that you are about to address yourself to?

Mr. MILLER. I do not recall the paragraph. It is the schedule on cotton yarn.

Mr. UNDERWOOD. You are still on cotton yarn?

Mr. MILLER. Yes; and underwear.

The CHAIRMAN. Proceed, Mr. Miller.

Mr. MILLER. I simply want to say that I am a new spinner of fine yarns. I am attempting to spin fine yarns in the South, and in order to do so I find that we need some protection from the old country. I went over the schedule paragraph as prepared by Mr. Weld, and it has my approval and indorsement. I believe that I am one of the first ones to attempt high-grade spinning in the South, and having said that, I do not know that I have anything more to say.

Mr. UNDERWOOD. I should like to ask you the same question that I asked the former witness. You contend that the present schedules are unsatisfactory on the high-grade goods, but you recognize the fact that the lower-grade goods have a schedule to-day that is prohibitive?

Mr. MILLER. I do not know, sir; I am not familiar with the low-grade yarns.

Mr. UNDERWOOD. That is indicated by the Treasury figures that are here.

Mr. MILLER. Yes, sir.

Mr. UNDERWOOD. If that is so, representing the milling industry you would not contend that your industry should stand out alone with a prohibitive tariff, when other great industries in this country are bearing some of the burden by having some foreign competition and paying some revenue?

Mr. MILLER. As I say, I can only speak of the fine grades. I am not familiar with the schedule on the coarser grades, and never have looked into it. I simply have to work against my own competition.

Mr. UNDERWOOD. I wanted to understand whether you stood for a prohibitive duty in your enterprise, or whether you were willing or thought it proper for this committee to reduce the tariff so that these schedules should at least raise some revenue.

Mr. MILLER. I do not stand for a prohibitive tariff, sir.

Mr. UNDERWOOD. You think we ought to put these schedules on a revenue basis?

Mr. MILLER. What do you say?

Mr. UNDERWOOD. You think that instead of having a prohibitive duty, we should put these schedules on a basis where they will raise some revenue for the Government?

Mr. MILLER. Yes, sir.

Mr. POE. Where is your factory located?

Mr. MILLER. In Charlotte, N. C., sir.

Mr. POE. That is all.

(At this point the chairman called the name of Mr. J. Arthur Adamson, and a gentleman rose and stated that Mr. Adamson's brief had been presented during the discussion on the subject of silk.)

The CHAIRMAN. He has been heard on silk, I think.

STATEMENT OF MR. GEORGE J. MARTIN, OF WEST NEWTON, MASS.

The CHAIRMAN. Proceed, Mr. Martin.

Mr. MARTIN. I am here on paragraph 339.

In behalf of the novelty curtain manufacturers, I respectfully request that your committee include in the next revision of the tariff schedule a reduction in the duties therein on cable and mosquito nettings made out of cotton yarns, Nos. 20 to 60, inclusive, as covered in paragraph 339. These nettings are used extensively in the manufacture of novelty lace curtains. I base my request upon the following reasons:

(1) The present duty of 60 per cent on cable and mosquito nettings made out of cotton yarns Nos. 20 to 60, inclusive, is needlessly high and seriously interferes with the development of the novelty curtain business, in which I am engaged.

(2) The duty of 60 per cent on cable and mosquito nettings, the raw materials for us, being exactly the same as the duty imposed upon finished manufactured curtains imported from Switzerland and France allows no margin for the difference between the cost of labor we employ and the low-paid peasant labor employed there by the Swiss and French makers of curtains with whom we must successfully compete if our industry is to grow.

(3) A withdrawal of the duty on cable and mosquito nettings as mentioned would enable the manufacturers of novelty lace curtains to increase largely their output on an American-made line of novelty curtains, which output is now greatly curtailed because of the excessive cost resulting from the unnecessarily high duty on cable and mosquito nettings used in this industry.

(4) The novelty lace-curtain industry is truly an infant industry that in every way merits just consideration in the present revision of the tariff schedule, if the broad and beneficent principle of protection to growing American industries and well-paid American labor is to govern. The novelty lace-curtain industry is comparatively new, and its present development dates from 1900, or since the introduction of the present tariff schedule. Here is truly an infant industry that against tremendous obstacles has developed an entirely new field of American manufacture and one that with proper and just encouragement from Congress in the proposed revised tariff schedule easily can grow to very great importance. Eight years ago when this industry was started the novelty curtains were nearly all produced in Europe. At the present time there are over 50 manufacturers in this country engaged in making this class of goods and situated mostly in Massachusetts, New York, Pennsylvania, and New Jersey.

We at the present time give employment to approximately 3,000 skilled men and women at wages that average well as compared with some other industries. Although the possibilities of this new industry are very great the limit has been practically reached unless we can secure the consideration of Congress in giving us the desired reduction in the tariff duty. The bulk of the lace curtains manufactured by the novelty lace curtain manufacturers of the United States covers only the lower-priced goods ranging in price from \$1 to \$2.50 wholesale. The manufacturers who have attempted to make the higher-priced grades of lace curtains referred to have not been successful, owing to the higher cost of skilled labor involved and the enormous

duty of 60 per cent on the principle item of raw material employed, namely, cable and mosquito nettings made from cotton yarns Nos. 20 to 60, inclusive. If we can get the necessary tariff reduction to avoid this discrimination against us, and to which reduction on the broad principle of protection to American labor and industries we know we are entitled, thus allowing a reasonable margin between the cost of nettings landed in our factories from Europe and the cost of nettings already manufactured into curtains in France and Switzerland, and then landed in this country, we can then compete in the grades of curtains above \$2.50 per pair, and could thereby tremendously increase our production and give employment at a conservative estimate to at least 7,000 additional well-paid employees. The present duty of 60 per cent on cable and mosquito nettings, as provided for in paragraph 339, is of no consequence so far as the protection principle is involved. There are less than a total of 200 people, on the most liberal estimate, engaged in the manufacture of nettings, as previously mentioned, in this entire country, and to maintain a discriminating tariff of 60 per cent on these nets to the injury of labor and the benefit of scarcely any one would be nothing short of ridiculous. If the duty of 60 per cent on cable and mosquito nettings were entirely withdrawn it would put the novelty lace curtain industry in this country in a better condition to compete successfully with the very low-priced home labor of the French and Swiss peasantry.

To illustrate to your committee the advantage a reduction in the tariff now asked for would give to the novelty lace curtain industry, we beg to introduce two exhibits A and B, which perfectly typify the condition of our industry.

Exhibit A is an American product, similar to the Swiss lace curtains, known as Irish point, made by the application of a design to the net foundation. This class of curtains is made on French mosquito netting, upon which we pay a duty of 60 per cent. The muslin and the cotton in the embroidery in the design are American products. The principal items of cost in the production of this exhibit A are the net and the hand labor. The manufacture of this particular class of goods has been undertaken to a limited extent only in this country, although the possibilities are exceedingly great. The reason for the limited production in this country is the impossibility of American manufacturers to compete successfully with the Swiss makers, excepting on those designs which involve hand labor to but a minor extent. American manufacturers would meet with undoubted success in this particular branch of the novelty lace curtain business were it not for the low-priced labor of the Swiss peasantry on one hand and the 60 per cent tariff duty on nettings, the raw material, on the other. Exhibit A is a curtain of very simple design, and requires but a limited amount of hand labor. The design is applied on the net with the aid of the embroidery machine, and the hand labor is required in cutting away the surplus muslin to bring out the design. This curtain can compete in price with the Swiss product, allowing a very small margin of profit. The same amount of raw material as contained in Exhibit A of exactly the same quality, but with the addition of a more elaborate design, which is our Exhibit B, involves more hand labor and sells for about 60 per cent more than the pattern shown in Exhibit A. The difference between Exhibits A

and B represents hand labor entirely. The hand labor of the Swiss is performed mostly in the homes of the peasantry at a wage cost absolutely out of the question for American labor.

On this grade of production we are therefore at once brought into impossible competition with the cheap labor of Europe, and the further growth of our industry in this direction is absolutely checked. Up to \$2.50 per pair American manufacturers have been able to develop an industry in the making of novelty lace curtains that gives employment, as stated above, to approximately 3,000 people. The reduction in the tariff on the net, which is the principal raw material in both Exhibits A and B, would give us an advantage sufficiently large to enable us to compete more successfully with the foreign manufacturers on the more elaborate and higher cost styles of lace curtains. We present only these two exhibits, A and B, but they are perfect examples of the condition of our industry and its great possibilities under a favorable tariff instead of under a tariff which now discriminates against us.

What is shown here in the case of Irish point curtains is equally true of Brussels net curtains, Swiss, Tambour curtains, and a number of other styles which are quite largely imported from Switzerland and France into this country.

The growth of our industry in such a comparatively short time, occupying an absolutely new field, is marvelous. A very large proportion of the novelty lace curtains made in this country is distinctly American in design, offering to the home trade a supply close at hand which did not exist before. Lace curtains are used to-day in thousands of homes where they were unknown not many years ago. The field is unlimited provided our industry is not hampered by an unreasonable duty that protects no industry of consequence, but hinders the development of what otherwise would become a very great and valuable field of useful occupation for thousands of well-paid skilled workers. We feel that from any point of view, based on the broad principle of protection, that we ask for nothing but that to which we are justly entitled. We do not ask for protection that would increase our margin of profit or dividends—do not forget that—but we ask for that change in the existing tariff which would allow us to compete against Europe, enlarge our field of operations here and abroad, and give profitable employment to increased numbers in an entirely new industrial field.

To sum up in a few words, we are asking for a reduction in the tariff to help us compete against the cheap home labor of Europe; to enable us to produce goods which to-day we can not do; to enlarge our market both at home and abroad; to enable us to sell the goods we are now making at still lower prices. We are not asking to reduce the tariff on any other grades of nets except those specified, made from certain count yarns.

There are about \$1,000,000 invested by the manufacturers in the novelty lace curtain business, and their production for the year 1897 amounted to about \$5,000,000.

I have two exhibits here which I will be glad to show you if you would like to see them.

Mr. UNDERWOOD. What is it that you state you have?

Mr. MARTIN. I have two curtains here which will illustrate the condition of the industry. We can make curtains up to \$2.50 with

great success, and we stop right there just as though we were up against a stone wall. We are up against the home labor, the peasant labor of France and Switzerland, and we can not compete against them and pay the same duty on the materials that we put into curtains as is paid on the manufactured curtain that comes over here. Unfortunately that it is the way it is figured now.

Mr. UNDERWOOD. Let me understand the situation. It is not a higher duty that you want; you want the duty removed on your raw material?

Mr. MARTIN. That would help us; yes; and if the duty was taken off the raw material that would put it on a better basis.

Mr. UNDERWOOD. Your raw material is mosquito netting?

Mr. MARTIN. Yes, of certain weights. We do not want it on all nettings; we are only asking for it on these particular weights.

Mr. UNDERWOOD. What is the volume of the industry in this country that makes this mosquito netting?

Mr. MARTIN. For the trade—and when I say “for the trade” I mean for the manufacturing trade—there is one plant, comprising about 10 or 12 looms or machines.

Mr. UNDERWOOD. How much of this mosquito netting is imported into this country?

Mr. MARTIN. Most of it; nearly all of it.

Mr. UNDERWOOD. Almost all of it?

Mr. MARTIN. Nearly all of it.

Mr. UNDERWOOD. And the one plant here manufactures what per cent?

Mr. MARTIN. I can not give you the figures on that, because our goods come in under the head of laces; and I have not got the figures of the amount of the importations.

The CHAIRMAN. Let him tell how much was consumed here. We can find out the importations.

Mr. MARTIN. How much is consumed?

Mr. UNDERWOOD. Yes; of this mosquito netting?

Mr. MARTIN. We consume about 1,000,000 square yards a year. I can not tell you what the other manufacturers consume. There are 50 of us altogether.

Mr. UNDERWOOD. And you say all that is consumed is imported?

Mr. MARTIN. No; most of it.

Mr. UNDERWOOD. Most of it. On the lower-grade goods of your manufacture of curtains how much is imported and how much is made in this country?

Mr. MARTIN. You mean the class of goods we make?

Mr. UNDERWOOD. The class of goods that you are complaining of, the lower-grade goods that you say you can make.

Mr. MARTIN. I should think we do perhaps \$5,000,000 altogether.

Mr. UNDERWOOD. You mean your industry?

Mr. MARTIN. Yes.

Mr. UNDERWOOD. The entire industry does \$5,000,000?

Mr. MARTIN. Bear in mind that this only started in 1900.

Mr. UNDERWOOD. How much are the importations?

Mr. MARTIN. I can not tell you that. You mean on nets?

Mr. UNDERWOOD. Yes.

Mr. MARTIN. I can not give you that figure.

Mr. UNDERWOOD. What percentage of the lower-grade business are you doing now?

Mr. MARTIN. We are doing practically the whole of it up to \$2.50. We do not have much competition. We can beat out the peasant labor up to that price.

Mr. UNDERWOOD. Then you have a prohibitive tariff on the lower-grade goods?

Mr. MARTIN. Why, no; I would not put it that way, because we have the same tariff that they have.

Mr. UNDERWOOD. I know; but if they can not sell any goods in this country, you are not raising any revenue for the Government, and your tariff is prohibitive on the lower-grade goods.

Mr. MARTIN. Why, we are. We are buying nets abroad, and pay 60 per cent on them. We are buying all the laces there, and paying 60 per cent on them.

Mr. UNDERWOOD. I am talking about the manufactured product. I just want to get the status of the case.

Mr. MARTIN. Well, you understand that we have to import the nets.

Mr. UNDERWOOD. Yes; I understand.

Mr. MARTIN. And we have to import the laces, and we pay 60 per cent duty on them. The Government gets that revenue out of it, regardless of whether we sell the curtain for a dollar or \$2.50.

Mr. UNDERWOOD. But so far as the manufactured article itself is concerned, you manufacture all of the lower-grade goods that are consumed in the country?

Mr. MARTIN. Yes; about the whole of them; but that is not on account of the duties, because those fellows over there have the privilege of making a curtain and bringing it into this country and selling it over here and paying just the same duty as we pay for the raw materials, and still we manage it so that they do not get the business.

Mr. UNDERWOOD. You claim that your raw material, the duty that you have, is merely to offset the duty on the raw material?

Mr. MARTIN. That is it exactly; nothing more.

Mr. UNDERWOOD. In the case of the higher-grade goods, how much is produced in this country?

Mr. MARTIN. We can not produce them at all. Practically all that we produce are a few to make our line of goods look pretty; but the best selling article in our line of business is a \$5 Irish-point curtain selling for \$5 retail; but we can not touch the foreigners on that curtain. That curtain comes in here, and it costs the retailer about \$3.25. He sells it for \$5. We can not make a curtain as good as those people at that price. That hand labor over there is very much cheaper than ours.

Mr. UNDERWOOD. Is that due to the manufacture of the finished article, or is it due to the duty on the raw material?

Mr. MARTIN. It is due to the fact that the home labor over there is very much cheaper than our labor. This is all hand work [exhibiting samples of curtains to Mr. Underwood].

Mr. UNDERWOOD. You had better get back by the table there, so that the stenographer can get what you say. Describe what it is, please.

Mr. MARTIN. That is what is called an Irish point curtain.

The CHAIRMAN. I thought you were on mosquito netting.

Mr. UNDERWOOD. Mosquito netting is what he makes his curtains out of.

Mr. MARTIN. This is the basis of it.

The CHAIRMAN. This is a curtain.

Mr. UNDERWOOD. He makes it out of mosquito netting that is brought into the country.

Mr. MARTIN. I am telling you where our troubles are.

The CHAIRMAN. Oh, yes. I was out, and did not get the thread of your remarks.

Mr. MARTIN. There [producing curtain] is another one. There is just as much net in this; there is just as much cloth used here for the foundation for that pattern, and at the same price. This curtain here is one that we sell for \$3.50, and this one we sell for \$2.25.

The CHAIRMAN. What is that mosquito netting called when they import it?

Mr. MARTIN. That comes under the head of mosquito netting. It is called mosquito netting, Mr. Payne.

The CHAIRMAN. I do not find it here.

Mr. MARTIN. It is under paragraph 339.

Mr. DALZELL. That paragraph refers to "nettings." It does not say "mosquito nettings," does it?

Mr. MARTIN. Well, it may not. They are invoiced as mosquito nettings, however, and they are known to the appraiser as mosquito nettings.

The CHAIRMAN. That is the reason I did not find it. I was looking for the mosquito. [Laughter.]

Mr. MARTIN. There is a great deal that comes in through New Orleans for that purpose.

Mr. UNDERWOOD. Is that hand work or machine work?

Mr. MARTIN. That is hand work. This pattern is put on a piece of cloth, which is laid on there and attached there. This is done, then, with a Swiss machine; and this [indicating] is all cut out by hand. All of this little spider web is put in by hand, and the difference in these two curtains in price, the difference between \$3.50 and \$2.25, is all in the hand work in there.

Mr. GRIGGS. What do you want to do—take the duty off of netting or raise the duty on the curtains?

Mr. MARTIN. That is up to you people. [Laughter.]

Mr. UNDERWOOD. You have explained your difficulty, and you will leave the balance with the committee?

Mr. MARTIN. It is better to do that, is it not?

Mr. GRIGGS. You do not care which, do you?

Mr. MARTIN. It does not make any difference to us.

Mr. GRIGGS. I say, you do not care whether we take the duty off of netting or increase the duty on curtains?

Mr. MARTIN. The reason I did not ask to have the duty increased on curtains is because the general sentiment appears to be against it. I am going about it the easiest way.

Mr. GRIGGS. Then you want it reduced on nets. That is right.

Mr. MARTIN. We would like to make those goods here. There is not anything that gives me more pleasure than to pick up a curtain that is made in this country, and that is a beauty, and has not been made here before. That is the whole pride of our business. Eight years ago we did not make such a thing here. You would not wipe

the dust off your desk with a novelty curtain made in this country. We have developed all this business here, and it is purely our own—absolutely. Now, here is a curtain that we would like to make. We would like to make those foreign goods, Marie Antoinettes, and so on. We can make them up to \$2.50 or \$2.75 a pair; but we have to stop right there. After that there is so much hand labor entering into them that the foreigner can beat us out. The curtains are sent into the homes of the peasants there, who do the work whenever they have time, and put the whole family on it. That is the labor we can not go up against. We do the same thing here; but abroad they make 10 or 20 cents a day, and our people want to make \$1 a day, and they make \$1.

Mr. GRIGGS. I see that we collected \$25,000,000 in duties.

Mr. MARTIN. On laces?

Mr. GRIGGS. On laces.

Mr. MARTIN. Yes; and, of course, laces enter largely also into our work. I do not want you to think that we do not pay any duties. There is a great deal of net that comes in here for veiling and other purposes—millions of dollars' worth; but I am not asking to have that touched. It is only in these coarse yarns, from 20's to 60's.

Mr. GRIGGS. If we should designate it as "mosquito netting" in the bill, would that be understood?

Mr. MARTIN. No; you would have to say from 20's to 60's, inclusive. That is the way they come through the custom-house.

Mr. GRIGGS. You had better submit that in writing.

Mr. MARTIN. Yes; I will do it. There is not an industry in this country that amounts to anything in this line, and they do not seem to want to make the goods here. They may tell you that they do, but they prove that they do not.

The CHAIRMAN. Do you call that article a lace window curtain?

Mr. MARTIN. Yes.

The CHAIRMAN. That is under the same schedule and carries the same tariff as the netting?

Mr. MARTIN. Exactly; and that is where we are up against a stone wall, Mr. Payne. We can not do anything beyond \$2.50.

The CHAIRMAN. Do you import the lace?

Mr. MARTIN. We import laces; yes.

The CHAIRMAN. I mean the laces you put in those curtains?

Mr. MARTIN. There is not any lace in that. That, right there, is nothing but a piece of Fall River goods. It is a piece of cloth that is about that wide that is sewed on there.

The CHAIRMAN. That is embroidery?

Mr. MARTIN. It is all embroidered right on there. The pattern is laid on and it is all embroidered, and this is all cut out with scissors, by hand.

The CHAIRMAN. Do you import the embroidery in the curtain?

Mr. MARTIN. We do not; no. It is domestic yarn, made right here.

The CHAIRMAN. What is that?

Mr. MARTIN. It is a domestic yarn. The yarn that does that embroidery is a domestic yarn.

The CHAIRMAN. Is it made up here?

Mr. MARTIN. It is made right here.

The CHAIRMAN. It is embroidered on to that netting?

Mr. MARTIN. Yes, sir.

The CHAIRMAN. I see.

Mr. MARTIN. Yes, sir; it is made right here; and those cotton goods are made in Fall River.

Mr. GRIGGS. You say they may tell us that they want to manufacture netting, but we must not believe them?

Mr. MARTIN. Well, they prove that they do not.

Mr. GRIGGS. All right; I do not wish to ask you any further questions.

Mr. MARTIN. You can ask me later, if you think so.

The CHAIRMAN. That is all.

STATEMENT OF MR. THOMAS J. DIAMOND, OF NEWBURGH, N. Y.

Mr. DIAMOND. Honorable Chairman and gentlemen of the Ways and Means Committee, I have here a little brief of some data touching this particular net matter that Mr. Martin has just spoken of, and that is the foundation for this curtain that Mr. Martin has just explained to you about. We are the only ones in this country who are exclusively engaged in the manufacture of bobbinet. That is the real trade term for the material. We started this industry about eight years ago and expected to get protection under paragraph 340 of the Dingley tariff act, and the material is admitted under section 339. For that reason we ask that a special law be made; and if you gentlemen will kindly permit me, I will read off this brief:

The Lackey Manufacturing Company, whose office, mill, and principal place of business is situated at the city of Newburgh, in the county of Orange and Twentieth Congressional District of New York, respectfully calls your attention to its product, the practical operation of the provisions of the tariff regulations pertaining thereto, and the inadequacy of the protection afforded by the present law.

This company is the one and only concern in the United States devoted exclusively to the manufacture of bobbinets.

The industry was started in the year 1900.

It was the belief of the founders of the business that the product would be protected by the Dingley tariff act. When this law was being considered by the House of Representatives Mr. George E. Lackey, who was desirous of entering the business of manufacturing bobbinets, at that time associated with the Bromley Manufacturing Company, of Philadelphia, in conjunction with Mr. Bromley and other gentlemen interested in the manufacture of lace curtains, pillow shams, bed sets, and bobbinets, conferred with the committee of your honorable body who then had charge of the proposed law.

Their conference resulted in the enactment of the section of the law designated as section 340, which reads as follows:

SEC. 340. Lace curtains, pillow shams, and bed sets finished or unfinished, made on Nottingham lace-curtain machines or on a Nottingham warp machine, and composed of cotton or other vegetable fiber, when counting five points or spaces between the warp threads to the inch, 1 cent per square yard. When counting more than five points or spaces to the inch one-half of 1 cent per square yard in addition for each point or space to the inch in excess of five and in addition thereto, all of the foregoing articles in this paragraph a 20 per cent ad valorem.

In 1900 the business of manufacturing nets was new. The founder of this company had not embarked in it until he received or believed

he received the proper protection to warrant his venturing into the business.

He was instrumental in having section 340 enacted, this company was formed and the business went on.

Nottingham lace-warp machines were installed and are still in use in our mill. The entire product of the mill is made on Nottingham lace-warp machines.

This company found it impossible to compete with foreign markets, and upon examination it was ascertained that product like that manufactured by this company was being admitted to this country under section 339.

Appeal was made to the collector and appraiser of the port of New York. Claim was made on behalf of this company that it was intended by Congress that foreign product of material like that manufactured by this company should be admitted under section 340. Section 339 provides for an ad valorem duty of 60 per cent, whereas if the material was entered under section 340 it would be protected under a specific duty as well.

This claim was referred to the General Board of Appraisers, who decided that the material manufactured by the Lackey Manufacturing Company was "net," and that it was properly admitted under provisions of section 339; and that the language employed by section 340 was not sufficiently broad to cover this class of goods.

There is no question in our mind as to the correctness of the classification made by the General Board of Appraisers, because our product is "net" and can only be described and classified as "net."

Congress intended to protect our industry under the provisions of section 340, but through the unfortunate use of the language employed, we are without adequate protection; we are without the protection it was intended we should have; we have been unable to increase our output or number of our employees; we have been hampered by labor difficulties, and we are to-day in about the same position as we were when we started in business, and we are still alone as the only exclusive manufacturer of bobbinets. We are still an infant industry, and in need of protection.

We therefore ask for the enactment of a law eliminating from section 339 the words "net and netting," and containing a clause to read as follows:

Bobbinets, net, and netting, finished or unfinished, made or woven by the use of machinery or looms in which bobbins carry the yarns and weave them across a warp thread, warp threads being a series of threads running parallel in one direction, bobbin threads being a series of threads carried by the bobbin transversely and diagonally across and twisted around the warp threads. Such described bobbinets, net and netting, finished or unfinished, when made of cotton or other vegetable-fiber yarn counting sixteen holes or less to the inch, counted on the warp and bobbin lines, shall pay a duty of five cents per square yard; and all such bobbinets, net, and netting counting more than sixteen holes to the inch, counted on the warp and bobbin lines, shall pay, in addition to the five cents per square yard, a duty of one-half cent per hole for each hole or part of a hole in excess of sixteen holes to the inch, and, in addition thereto, twenty per centum ad valorem.

It is because the Standard Dictionary defines bobbinets as an open fabric formed by a series of threads crossing and partially twisted around each other and producing a hexagonal mesh that we desire the language above employed to be used in describing our product,

so that no confusion will hereafter arise as to proper classification of our goods.

It will be discerned from the proposed clause that provision is made for a specific as well as an ad valorem rate of duty.

The elasticity of an ad valorem protection alone is such that a false valuation can be placed on goods in foreign countries, and in this way manufacturers of this particular product will not receive the protection the Government has seen fit to afford.

As a result of errors made in valuation placed on bobbinets, net, and netting, the United States assigned one of its officers connected with the appraisers' department, namely, Mr. George Robinson, with instructions to thoroughly investigate the net-making industry. After thorough study of the net industry in Europe he framed a schedule based on the cost of manufacture which placed a certain foreign valuation on this particular production, and from the figures obtained by him and our personal knowledge of the cost of foreign production we find and state that he must have made a most searching and thorough investigation of conditions to enable him to so intelligently fix the productive cost of the manufacture of bobbinets, nets, and netting.

As a result of the elasticity of an ad valorem duty we feel that it is necessary to ask your honorable body to give full favor to a law which will provide for a specific duty according to yardage and grade to properly protect us in our efforts to develop this industry in the United States.

The specific duty for which we ask is for the purpose of protecting us in the cost of production, and the ad valorem duty is for the purpose of taking proper care of the fluctuating cost of materials.

At the outset of this statement we said that we entered this business believing we were to get specific protection provided by section 340, but on account of the unsuitable language used we failed to realize the advantage of that protection. We have made all possible effort to keep going, practicing the strictest economy, and we must confess that we are now unable to meet foreign competition protected as we are under section 339 of the present law.

We come in daily contact with consumers of our product who submit samples and prices showing their ability to purchase goods of foreign production at a lesser price than we can produce the same goods.

This has been our experience since we started the business. We have been unable to develop our industry owing to the inadequacy of the protection afforded us by an ad valorem duty of 60 per cent.

In producing the finer grades of nets we are compelled to use imported yarns, thereby suffering a 25 per cent higher cost of the principal material we use than our foreign competitors, so that it is simply impossible to compete with foreign producers in the finer grades of nets and netting unless we are granted the protection herein asked.

A foreign producer, after paying 60 per cent duty, can sell his net for 6.91 cents per square yard and make a profit of 20 per cent, whereas the American producer would have to sell his goods at 9.92 cents per square yard to get the same results. This shows that with 60 per cent duty we must sell our goods $43\frac{1}{2}$ per cent higher to get the same results as our foreign competitor.

Following is the cost of a grade of net which we make, also the cost of the same grade made in foreign markets, which shows over 100 per cent difference in cost of production: American cost of production, 6.94 cents; foreign cost of production, 3.28 cents.

This comparison holds good to all grades as well as the one quoted.

The correctness of these figures can be ascertained by reference to the reports of Mr. George Robinson, the United States Government agent, who investigated the net industry in Europe and made his report to the Treasury Department on the 9th day of April, 1906.

The changes suggested by us are reasonable and proper, and we believe they should be made. It is evident that Congress intended to grant us protection when the law now standing on the statute books was enacted, but we failed to realize the benefits we and Congress anticipated.

We trust that this application will meet with the favor we believe it deserves, and that we will be enabled to provide employment for labor and build up our industry to a sufficient size, so that we may not only encourage the increase of production to supply the demands of our own country, but, with the exercise of American ingenuity, that in time we can seek a foreign market for our production.

MR. UNDERWOOD. How much money have you got invested in this enterprise?

MR. DIAMOND. About \$250,000.

MR. UNDERWOOD. How much profit did you make on it in the year 1906?

MR. DIAMOND. We have never made any, up to date.

MR. UNDERWOOD. No profit whatever?

MR. DIAMOND. We are in debt.

MR. UNDERWOOD. Have you made losses up to that time?

MR. DIAMOND. Losses; yes, sir.

MR. UNDERWOOD. What has your average loss been?

MR. DIAMOND. Our latest report shows that we are about \$24,000 in debt, after running eight years.

MR. GRIGGS. You ask for a protection there of half a cent a hole on the bobbinet?

MR. DIAMOND. Yes, sir.

MR. GRIGGS. For each hole in excess of 16. Is that right?

MR. DIAMOND. Yes, sir.

MR. GRIGGS. How many holes are there in the net to the square inch?

MR. DIAMOND. We have a little measure here that will tell at a glance just how many holes there are.

MR. GRIGGS. Yes.

MR. DIAMOND. And the way this is counted is on the warp lines and the bobbin lines. That is, the warp lines run perpendicularly and the bobbin lines are the ones that cross over diagonally. [After examining curtain.] Twenty-two holes.

MR. GRIGGS. Twenty-two?

MR. DIAMOND. Yes, sir.

MR. GRIGGS. Half a cent a hole above 16 would make 3 cents to the square inch specific duty, would it not?

MR. DIAMOND. Yes, sir; more than that.

MR. GRIGGS. There are 144 square inches, I believe, in a square foot?

Mr. DIAMOND. We count those in that way so that they can not do any cheating with the net. The same number of holes must be within the square inch, and that is why we count them on both lines—both on the bobbin line and on the warp line. Of course, if you pull the net out one way it brings more holes up into the inch one way, and if you pull it out the other way it brings more into the inch the other way.

Mr. GRIGGS. I want to ask you this question; I did not understand you probably: You mean it is that much per yard?

Mr. DIAMOND. Per yard; yes, sir; but we measure it by the inch.

Mr. GRIGGS. That would make 3 cents a yard specific duty on that?

Mr. DIAMOND. Oh, no. The duty on net is 5 cents for 16 holes, and half a cent for every hole above 16 holes; and this 22-hole net would be 5 and $2\frac{1}{2}$ — $7\frac{1}{2}$ cents.

Mr. GRIGGS. Seven and a half cents per yard?

Mr. DIAMOND. Yes, sir.

Mr. GRIGGS. You are the only manufacturer of that in this country?

Mr. DIAMOND. The only manufacturer exclusively so engaged. There are other manufacturers, but they have other business as well.

Mr. GRIGGS. You are not one of the gentlemen to whom Mr. Martin referred, are you?

Mr. DIAMOND. Mr. Martin is one of our customers, and we always lose money on his orders. He invariably beats us. We have got to take his orders to keep our organization going; and what we make in dealing with the retail trade we have got to pay to Mr. Martin, because he can go out in the market and get goods cheaper than we can make them.

Mr. GRIGGS. You heard him say that some people pretended that they want to make this stuff, but they do not?

Mr. DIAMOND. We did not put \$250,000 in a plant there for fun.

Mr. GRIGGS. I do not think so, either.

Mr. DIAMOND. When we started in the founder of the business thought he was getting protection under section 340. That would give a specific duty, and would call for a specific duty as well as an ad valorem duty; and we could get protection provided it was properly counted.

Mr. GRIGGS. You are getting 60 per cent now, are you not?

Mr. DIAMOND. Sixty per cent; but it costs us a hundred per cent more to make the goods—over a hundred per cent in the case of the finer grades.

Mr. GRIGGS. One hundred per cent more than the 60 per cent?

Mr. DIAMOND. About 43 per cent more.

Mr. GRIGGS. Yes; I understand.

Mr. DIAMOND. That is actual cost, as proven by the United States Government official figures, as well as our own knowledge of the situation. There are about fifteen millions of this imported into this country, and there is about \$200,000 worth of it made here; and on \$100,000 worth of business a year we do not make any money. We can not develop it. We put all our money in there. We started in and kept adding money to it all the time, expecting to increase our production so that we could, by increasing our production, get some profit from it. But we were unable to do it. Mr. Martin here can go out in the market and buy nets cheaper than we can sell them to him;

and we frequently have to turn down orders that we can not take from him because the price he offers us is so low that we can not do it.

Mr. GRIGGS. By increasing the duty on that we will increase the revenue, will we not?

Mr. DIAMOND. Yes, sir.

Mr. GRIGGS. In that way we would make it a better revenue producer would we not?

Mr. DIAMOND. Yes, sir.

Mr. GRIGGS. That is all.

The CHAIRMAN. If there is any other gentleman who desires to be heard on this section, the committee will be glad to hear him.

**STATEMENT OF JOHN L. PATTERSON, SECRETARY AND MANAGER
OF THE ROSEMARY MANUFACTURING COMPANY, OF ROANOKE
RAPIDS, N. C.**

The CHAIRMAN. Where do you reside, Mr. Patterson?

Mr. PATTERSON. I reside at Roanoke Rapids. It is on the Roanoke River.

The CHAIRMAN. On what part of the schedule do you desire to speak?

Mr. PATTERSON. I desire to call the attention of the committee to section 321 on cotton damask. It is the first part of section 321 relating to cotton damask.

The first part of section No. 321, Schedule I, of the tariff laws of 1897, reads as follows: "Cotton table damask, 40 per cent ad valorem."

At the time this tariff was drafted the only character of cotton damask imported into this country consisted of what is known as plain bleached and colored damask. These grades of damask are still being imported into this country in large quantities, notwithstanding the 40 per cent ad valorem duty.

We distinctly do not ask for an increase of the tariff rate on these particular qualities of damask, but do ask that the present existing rate remain as it is. This 40 per cent ad valorem duty is absolutely necessary in order to insure to the American manufacturer of cotton damask a reasonable and just return for his investment.

That the present duty on damask is not excessive is shown by the fact that fully 25 per cent of all the cotton damask consumed in the United States is of foreign manufacture.

We further ask that the first part of section 321 of Schedule I be made more specific, and suggest that it be changed to read as follows: "Plain, bleached, and colored cotton damask, 40 per cent ad valorem."

Since the present tariff was drafted an entirely new quality of cotton damask has made its appearance in the form of mercerized cotton damask. In the manufacture of this quality of damask finer counts of yarns have been used and the goods made to count higher—that is, there have been put more threads to the inch in these goods than in previous grades of cotton damask. On account of the finer construction of these goods the amount of raw material, based upon a dollar's valuation of the goods, has been reduced and the labor costs have been largely increased. As the labor cost in the manufacture of cotton fabrics is the chief advantage which the foreign manufacturer has over the American manufacturer, we claim that this par-

ticular quality of cotton damask should have a separate classification, with a slightly higher duty than the cheaper grades of cotton damask.

In the other sections of Schedule I you will notice there is a rising schedule of duties corresponding to the fineness of the fabrics enumerated. In other words, when the fabric shows a decrease in the cost for raw material and an increase in labor cost it has been justly given a higher duty.

By referring to section 306 of Schedule I, we wish to make a comparison between the standard print cloths, which are the basis of value for all cotton goods in this country, and mercerized damask as it is being made to-day. The average grades of mercerized damask fit in the class of the print cloths which carry a duty of 2 cents per square yard, which duty when reduced to an ad valorem basis on to-day's values approximates very closely a duty of 50 per cent ad valorem. This being a fact, and considering that the mercerized damask has to stand an additional labor cost of bleaching and mercerizing over the print cloths, we claim that they should have, and justly deserve, the same ad valorem duty as goods of similar construction under other sections of Schedule I.

If section 321 had been properly worded when the present tariff was drafted, the class of mercerized damask would have immediately gone into the "not otherwise specified" class of goods covered by section 322, which carries an ad valorem duty of 45 per cent. We therefore ask that section 321 be made more specific, as outlined above, and the duty be allowed to remain as it is.

We further ask that a new classification be awarded mercerized damask and a duty of 50 per cent, and certainly not less than 45 per cent, ad valorem be given this particular grade of cotton damask, which, according to the nature of its construction and finish, is entitled to a higher duty than the lower grades of cotton damask.

Mr. UNDERWOOD. You state that in the general run under this paragraph that 25 per cent of the cotton damask is imported into this country?

Mr. PATTERSON. Yes, sir.

Mr. UNDERWOOD. And therefore it pays a revenue to that extent?

Mr. PATTERSON. The figures show that it paid last year a revenue of \$208,000.

Mr. UNDERWOOD. Now, as to this mercerized cotton damask, how much is imported and how much is made here?

Mr. PATTERSON. There has been more imported than has been made here. This is a new business in this country.

Mr. UNDERWOOD. Over 50 per cent of the trade is the imported article, is it?

Mr. PATTERSON. No; I would not say that.

Mr. UNDERWOOD. Did you say there was more imported than was made here?

Mr. PATTERSON. There has been up to the present time.

Mr. UNDERWOOD. To what extent?

Mr. PATTERSON. I do not know; I imagine it has possibly been reduced to between 30 and 40 per cent at the present time. We are the pioneers, with the exception of a few looms in Philadelphia, of mercerized damask in this country, and it has been a hard, uphill business to compete with foreigners.

Mr. UNDERWOOD. How much more labor is there in the mercerized damask than in the ordinary business?

Mr. PATTERSON. Where the other goods cost 4 cents a pound these goods will cost about 10 cents a pound to finish.

Mr. UNDERWOOD. A difference of 6 cents a pound?

Mr. PATTERSON. Yes, sir; in the finish.

Mr. DALZELL. What is the operation of mercerizing?

Mr. PATTERSON. I do not know the exact nature of it; it is the action of a caustic on the fiber of the cotton.

Mr. DALZELL. It is a chemical process, is it?

Mr. PATTERSON. Yes, sir; it is a chemical process. It is made by the chemicals entering into this finish. It is simply a caustic soda.

Mr. GRIGGS. It gives it a silken gloss?

Mr. PATTERSON. Yes, sir; it makes it look like silk. They run it through this caustic to keep it from deteriorating the value of the product, and then dry it under pressure. The best way in which I can illustrate is: If you take a little rubber band and let it stay lax, it has a dull finish; if you pull it out, it gives it a gloss. So these cotton fibers have a certain amount of elasticity; when treated with this caustic soda they give this high gloss which looks very much like a silk.

Mr. POU. Is that a lasting gloss?

Mr. PATTERSON. It is if the fabric is laundered properly. Starch will kill it very largely and will eventually deaden it to some extent, but if the goods are mercerized properly and are laundered properly, the gloss stays on for a number of years.

The CHAIRMAN. If there are no other questions the witness will be excused.

(The witness was thereupon excused; and, at 5 o'clock and 15 minutes p. m., the committee took a recess until to-morrow morning, December 2, 1908, at 9.30 o'clock a. m.)

APPENDIX.

SCHEDULE I.—COTTON MANUFACTURES.

COTTON LACE CURTAINS.

CHICAGO, *November 28, 1908.*

HON. HENRY S. BOUTELL,
*Committee on Ways and Means,
House of Representatives, Washington, D. C.*

DEAR SIR: It being impossible to present this matter in person, we respectfully ask that this letter be read before the Committee on Ways and Means at their hearing on the cotton schedule set for December 1.

We wish to refer particularly to the duties on cotton Nottingham lace curtains as now provided in paragraph 340.

The manufacture of Nottingham lace curtains is conducted in almost all of its branches by skilled or highly skilled operatives at a comparatively high wage. These curtains are constructed on intricate machines, none of which are made in this country, but which are imported from England, and on entry into the United States are subjected to a duty of 45 per cent under the present tariff.

A portion of the yarns entering into their construction is of foreign manufacture—that is to say, such yarns are used in the warp. On these a duty per pound approximating 35 per cent is at present collectible on importation into the United States.

The total average duties collected on these goods under the present act, as stated in the government statistical record of imports for the year ending June 30, 1907, was 55 per cent.

This duty, taking into consideration the cost of plant, material, and labor, is necessary to afford protection to the American manufacturer and is, we think, a fair measure of such protection.

Further, the construction of this paragraph, as it appears in the present act, fulfills the necessary technical requirements, following, as it does, the various grades and equalizing the duties as between one grade and another.

We are therefore in favor of allowing the rates on cotton Nottingham lace curtains, as provided in paragraph 340 of the present act, to remain unchanged.

Very respectfully,

MARSHALL FIELD & Co.

SUSPENDERS AND ELASTIC WEBBINGS.

EASTHAMPTON, MASS.,
November 28, 1908.

HON. JOHN DALZELL,
Ways and Means Committee, Washington, D. C.

DEAR SIR: The Nashawannuck Manufacturing Company, of Easthampton, Mass., employing upward of 700 men and women in the

manufacture of elastic webbing and suspenders, respectfully protests against any reduction of duty on suspenders and elastic webbings, for the following reasons: Even under the present tariff many thousands of dozens of suspenders are annually imported from France, where the labor of manufacture is only a small part of what it is here, and with the duty removed or lowered we should be obliged to abandon the manufacture of the so-called "French Model," or "Guyot," suspender. The competition among American manufacturers is keen and even excessive, and to induce more competition from abroad would be fatal to this part of our industry. Please bear in mind that we are barred from buying cotton yarns, rubber thread, and other materials in the cheapest market by the duties on those materials, and this fact, in connection with the wages which our employees are paid, necessitates the present duty or more on the articles referred to.

Very respectfully, yours,

NASHAWANNUCK MFG. CO.,
G. B. NOBLE, *Treasurer.*

TURKISH TOWELS AND TOWELINGS.

WASHINGTON, D. C., *November 27, 1908.*

COMMITTEE ON WAYS AND MEANS,

Washington, D. C.

GENTLEMEN: We, the undersigned manufacturers of Turkish towels and towelings, find an ever-increasing difficulty in paying the wages demanded by the advanced state of art and at the same time meeting in competition the prices quoted on foreign goods of the same description. This has now reached a point where instead of weaving the higher class goods containing the large number of picks or weft threads (which represent time and labor) we are compelled to secure weight by crowding the reed with warp threads and reducing the picks or weft threads (labor) in a cloth, thus making a less firm and more spongy cloth, as illustrated by Exhibit A, a coarse, loose-woven fabric crowded in the reed to secure weight at expense of labor and firmness, and Exhibit B, a fine, closely woven firm fabric; likewise Exhibits C and D, showing the same relative treatment.

Many of the lines, particularly of the finer grades, we are unable to make because of the greatly added labor cost and the lower rates of duty now in vogue, occasioned by the recent rulings of the Board of General Appraisers. We submit that our fabrics are clearly "pile fabrics," and entitled to duty under the clauses Nos. 315 and 342, providing for pile fabrics, and not as now, under cotton cloth schedules 305, 306, 307, 308, 309, as countable cottons, as illustrated in Exhibit E, showing first a cloth exhibit in condition for the market, clearly with a face of uncut pile; likewise Exhibit F, ready for the market, a double-face pile fabric.

Exhibits G and H show these same cloths pulled out for counting by unraveling so that what was previously 1 square inch becomes 4 square inches or nearly its equivalent, clearly not an equitable way of arriving at a classification. We therefore petition that our fabrics

be included and specified by name in the clause in the cotton schedule, I, affecting pile fabrics as follows:

No. 815, plushes, velvets, velveteens, corduroys, Turkish towels, Turkish terry cloth, and all pile fabrics, cut or uncut, in the piece or otherwise, any of the foregoing composed of cotton or other vegetable fiber, etc.

Flax schedule J, No. 342, could remain as it is, provided the understanding is the same as provided for in No. 815, Schedule I, that Turkish towels and Turkish terry cloth are classified as "pile fabrics."

Frank Leake, for Star and Crescent Company; P. J. Masterson, for Lafayette Mills Company; John W. Kershaw, for John W. Kershaw Co.; A. E. Margerison, for W. H. & A. E. Margerison & Co.; Michael J. Meehan, for Ward-Meehan Company; Louis H. Foster, for Louis H. Foster; Nelson Kershaw, for Nelson Kershaw.

COTTON UPHOLSTERY FABRICS.

BRIEF SUBMITTED BY DOMESTIC MANUFACTURERS ASKING FOR NEW CLASSIFICATION.

WASHINGTON, D. C., *December 1, 1908.*

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: The undersigned represent domestic manufacturers of upholstery fabrics of various kinds, including furniture coverings, hangings, curtains, couch covers, table covers, etc.

Condition of the industry.

This is an industry which if allowed a reasonable protection would easily employ over 10,000 hands.

Until 1903 imported cotton upholstery goods paid a duty of 45 per cent ad valorem under paragraph 322 of the present tariff act as manufactures of cotton. The importers contested this classification and claimed that such goods were dutiable according to the number of threads per square inch, weight, and value, as provided in paragraphs 304 and 309, known as the countable cotton clauses. In this claim they prevailed (G. A., 5319—T. D., 24352, and decisions therein cited), since which time these goods have entered the commerce of this country on the same basis as ordinary colored cotton fabrics.

The upholstery fabrics are essentially different from ordinary cotton cloths and were not in the contemplation of Congress in drafting the countable cotton clauses is evidenced by the goods themselves, which require the attendance of an operator at every single loom, whereas in weaving the ordinary cotton cloth one operator attends as many as 24 looms.

The effect of this ruling of the courts is that the highest duty imposed on these goods is 40 per cent ad valorem and the lowest 30 per

cent ad valorem. The domestic industry is demoralized, thousands of hands being deprived of employment, and considerable capital wasted.

The largest manufacturing concern in this line was Hoyle, Harrison & Kay, of Philadelphia, who operated over 300 looms and employed 1,000 persons. They have been obliged to discontinue their operations.

Within the present year the Oldham Mills, of Philadelphia, operating 150 looms, chiefly on the finer grades of goods, have closed for the same reason. This fine plant, less than ten years old, is for sale, so far without a purchaser.

The Whitbridge Mills, of Philadelphia, have stopped making upholstery fabrics.

The Matred Mills, of Philadelphia, manufacturers of medium and cheap goods, about a year ago discontinued.

We can enumerate many smaller concerns that have quit the manufacturing business, some having kept on to the point of bankruptcy.

That these conditions are not attributable to business depression is clearly shown by a steady growth in importations of these goods.

There are in Philadelphia to-day 3,300 looms for the weaving of upholstery fabrics. Since 1903 not more than 1,100 have been producing their usual capacity.

Cost of labor and materials.

Reference to the official statistics in point will show that wages in this country in this industry are three times as great as abroad.

The American manufacturer does not spin the yarn he uses, for the reason that he employs too wide a variety of yarns, upon which there is a protective duty as high or nearly as high as on the finished product.

The business is one of ever changing style, and the manufacturers are obliged twice each year to prepare new patterns. Sketches, designs, jacquard cards, and the making of new samples all form heavy items of expense here over what they cost abroad, where the industry is an old one and very generally distributed.

These facts are well brought out by an examination with respect to an average specimen of upholstery fabric submitted, marked "Exhibit A." This particular fabric represents a large part of the kind of upholstery goods imported. It is pattern No. 3952, from Defrennes Duplony Freres, of Roubaix, France. Under the decisions of the courts before referred to, it is now admitted at 40 per cent ad valorem, under paragraph 307. Statement follows:

100 meters, at 3.10 francs, less 10 and 2 per cent, make 273.40 francs—	
market value equals	\$53. 61
Duty at 40 per cent, ad valorem	21. 20
Freight	2. 43
Foreign charges and insurance	1. 22
Custom-house charges	1. 50

Landed cost 100 meters 79. 96
 One hundred meters equals 109½ yards. Landed cost per yard 73½ cents.

The cost at the mills of a like fabric produced here in the United States would be 81½ cents per yard.

Foreign protection.

The American manufacturer of these goods has no export business to sustain it. He finds in every continental country of any importance an impassible tariff wall. Germany may be selected as an example. (See Kelly's Customs Tariffs of the World, edition of 1908.) In Belgium, where these goods can be manufactured very cheaply, the producers find it impossible to export to France, on account of the prohibitive French duties thereon.

Since the continental countries have seen fit to protect this industry in their own territory by the imposition of prohibitive duties, no sound reason can be urged why Congress should not profit by their example and save the business from its present stagnation.

Proposed provision.

Paragraph 316 of the Dingley Act reads:

Curtains, table covers, and all articles manufactured of cotton chenille or of which cotton chenille is the component material of chief value, fifty per centum ad valorem.

This paragraph was enacted originally in 1890, a time when chenille was largely employed in upholstery. Since that period chenille has practically disappeared from the industry. It has been replaced by these cotton tapestries, upon which we ask the same measure of protection. We propose the following to replace the present paragraph:

Curtains, table covers, couch covers, cushion covers and tops, window, door, and wall hangings or draperies, portieres, tapestry panels and borders, lambrequins, fabrics and tapestries for furniture covering, hangings, and decorative purposes, and all textile upholstery fabrics, in the piece or otherwise, manufactured of cotton or other vegetable fiber, or of cotton chenille, or of which cotton or other vegetable fiber or cotton chenille is the component material of chief value, fifty per centum advalorem.

This provision, if enacted, would do no more than allow a fair basis of competition between the domestic and the foreign manufacturer. It would benefit the consumer by allowing the domestic mills to compete with the imported fabrics. It would enlarge the revenues of the Government, since it would not prevent importation and would yield duties upon a luxurious article in some fair ratio to its value. Many of these goods are novelties, made possible by improvements in the art of weaving since the present tariff was enacted. It was never contemplated that fabrics of their intricate character, simulating closely as they do the hand work of earlier times, should be grouped with ginghams, muslins, shirtings, and the like.

Our reasons for asking 50 per cent duty at this time are as follows:

First. It requires a duty of 50 per cent to cover importing cost.

Second. The hours of labor were reduced in 1905 from sixty to fifty-five hours per week without any reduction of wages, thereby increasing cost of production.

Third. Since 1897 wages have been greatly increased, in some cases as much as 25 per cent.

KAMMERLOHR & DUFFY,
New York.

(Appearing for the Orinoka Mills, Philadelphia; Stead & Miller Company, Philadelphia; Philadelphia Tapestry Company, Philadel-

phia; the Moss Rose Manufacturing Company, Philadelphia; Bromley Manufacturing Company, Philadelphia; Binder & Ellis Company, Philadelphia; Rosenheim Brothers, Philadelphia; J. W. Barber & Co., Philadelphia; Whitely & Collier, Philadelphia; George Brooks & Sons, Philadelphia; J. B. Ryer, Son & Co., Paterson, N. J.; Baldwin Manufacturing Company, Bank, Md.; A. Theodore Abbott & Co., Philadelphia; Thomas Davies, Philadelphia; Robert Lewis & Co., Frankford, Pa.; John Moore, Son & Co., Philadelphia; National Tapestry Company, Frankford, Pa.; Pennsylvania Tapestry Company, Glen Riddle, Pa.; R. J. & R. Ritchie Company, Frankford, Pa.; Thompson & Hallowell, Philadelphia; Herbert Newton, Philadelphia; and others.)

SCHEDULE M.—SILKS AND SILK GOODS.

BRAIDS AND TRIMMINGS.

THE BRAID MANUFACTURERS OF THE UNITED STATES RECOMMEND CHANGES IN CLASSIFICATION OF ARTICLES OF SILK.

NEW YORK CITY,
682 Broadway.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: We recommend that the following items be stricken out of paragraph 389 and inserted in paragraph 390, namely: "*Beltings, bindings, cords, cords and tassels*," so that paragraph 390 shall read as follows:

Laces, and articles made wholly or in part of lace, edgings, insertings, galloons, chiffon or other flouncings, nets or nettings and vellings, neck ruffings, ruchings, braids, fringes, trimmings, *beltings, bindings, cords, tassels, cords and tassels*, embroideries, and articles embroidered by hand or machinery, or tambooured or appliquéed, clothing ready-made, and articles of wearing apparel of every description, including knit goods, made up or manufactured in whole or in part by the tailor, seamstress, or manufacturer; all of the above-named articles made of silk, or of which silk is the component material of chief value, not specially provided for in this act, and silk goods ornamented with beads or spangles, of whatever material composed, sixty per centum ad valorem: *Provided*, That any wearing apparel or other articles provided for in this paragraph (except gloves) when composed in part of india rubber, shall be subject to a duty of sixty per centum ad valorem.

The reason we recommend the above articles being stricken out of paragraph 389 and inserted in paragraph 390 is that they resemble more nearly in texture, quality, and use the articles enumerated in paragraph 390, such as braids and trimmings, than they do the articles enumerated in paragraph 389, and are made by manufacturers of braids and trimmings.

We recommend that the present duty of 60 per cent ad valorem in paragraph 390 be retained, as that rate is necessary to compensate for the difference between cost of labor in this country and in Europe.

Respectfully submitted by the Braid Manufacturers' Association of the United States.

HENRY W. SCHLOSS, *President*.

JACQUARD FIGURED GOODS.

REPRESENTATIVES OF DOMESTIC MANUFACTURERS OF UPHOLSTERY FABRICS ASK FOR A NEW CLASSIFICATION.

WASHINGTON, December 1, 1908.

COMMITTEE ON WAYS AND MEANS,
Washington, D. C.

GENTLEMEN: In the matter of the revision of paragraph 391 of the tariff act of 1897, so far as the same relates to Jacquard figured goods, silk chief value, containing two or more colors in the filling.

BRIEF FOR MANUFACTURERS.

The undersigned represent domestic manufacturers of Jacquard tapestry or upholstery fabrics, composed in chief value of silk.

Construction of paragraph 391.

We complain of an evasion of the following provision in this paragraph:

* * * All Jacquard figured goods in the piece, made on looms, of which silk is the component material of chief value, dyed in the yarn, and containing two or more colors in the filling, fifty per centum ad valorem. * * *

These goods are designed especially for upholstery purposes and have replaced to a large extent the similar domestic product. (See brief of the undersigned on the revision of paragraph 316.)

In 1900 an evasion of the present provision was perpetrated in the following manner: The act says "containing two or more colors in the filling." The foreign manufacturers made a Jacquard fabric which in real truth contained only one color in the filling, but upon the back thereof, forming no part of the design and not showing upon the face of the fabric, they placed at intervals of about one-half inch a single cotton thread different in color from the regular filling thread.

The collector disregarded the attempted evasion of the tariff and classified the goods under paragraph 387, where they properly belong. The importers protested and the issue came before the Board of General Appraisers.

The board found, in addition to the facts set forth, that the occasional cotton threads did not constitute exceeding 2 per cent of the component materials of the goods. Their decision (T. D., 22178; G. A., 4705) says:

Indeed an inspection of the samples in evidence is sufficient to establish these facts and to make it manifest that resort was had to the rather bunglingly accomplished artifice of introducing these occasional threads for the sole purpose of removing the goods from classification under the specific provisions of paragraph 387 of the tariff act of July 24, 1897, as properly made by the collector, and to bring them within the provision in paragraph 391 of said act for "all Jacquard figured goods in the piece, made on looms, of which silk is the component material of chief value, dyed in the yarn, and containing two or more colors in the filling." It is upon these threads that the protestants place their claim, and upon which they rely for a reversal of the collector's decision respecting the dutiable classification of the goods.

Upon the ground that this was a deliberate contrivance of questionable propriety to escape the lawful duties accruing upon the merchandise, the board overruled the protest of the importers.

The importers appealed, and the decision of the circuit court is found in *Johnson v. United States* (123 Fed. Rep., 997). The court reversed the board upon the ground that the evasive intent evident in the manufacture of the goods could not be allowed to affect their classification.

It is therefore law to-day that goods of this kind which are obviously not within the fair meaning of paragraph 391 are allowed entry thereunder instead of being assessed with the higher duties prescribed in paragraph 387.

We propose the following amendment: After the words "and containing" insert the following: "as part of the design and appearing upon the face of the fabric."

The present rate of 50 per cent does not afford the domestic manufacturers of these goods a fair measure of protection. They are placed in the present act in the catch-all clause of the silk schedule, whereas they are fully entitled to a separate provision. Much the same argument can be advanced with respect to these fabrics as is set forth in the brief of the undersigned, filed with this committee, on the revision of paragraph 316 and referring to cotton upholstery fabrics.

We therefore propose that a separate provision be adopted which shall prescribe a duty of 55 per cent ad valorem thereon.

KAMMERLOHR & DUFFY,
New York.

(Appearing for The Orinoka Mills, Stead & Miller Company, Philadelphia Tapestry Company, The Moss Rose Manufacturing Company, Bromley Manufacturing Company, Rosenheim Brothers, George Brooks & Sons, A. Theodore Abbott & Co., Thompson & Hallowell, and Vigilant Mills, Philadelphia; Robert Lewis & Co., Frankford, Pa.; J. B. Ryer, Son & Co., Paterson, N. J.)

TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
OF THE HOUSE OF REPRESENTATIVES,

SIXTIETH CONGRESS.

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1908.

COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

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**NICHOLAS LONGWORTH.
EDGAR D. CRUMPACKER.
CHAMP CLARK.
WILLIAM BOURKE COCKRAN.
OSCAR W. UNDERWOOD.
D. L. D. GRANGER.
JAMES M. GRIGGS.
EDWARD W. POU.
CHOICE B. RANDELL.**

WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Wednesday, December 2, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

The CHAIRMAN. The hearing this morning is upon the wool schedule.

STATEMENT OF MR. WILLIAM E. DANA, OF AVON, N. Y.

Mr. DANA. Mr. Chairman and gentlemen, I appear as representative of the New York State Sheep Breeders' Association and I also hold credentials from the National Wool Growers' Association.

At the outset of my remarks I wish to disclaim any pretension to being a tariff expert. I simply wish, as a practical farmer, to state what I believe to be some of the reasons that justify the retention of the present wool schedules.

Sheep husbandry is important to this nation—

First. Because it furnishes the raw material to one of our great national manufacturing industries without which we would be industrially dependent on other nations for the goods necessary to our manufacturers of wool. Conversely, the manufacturers of woollen goods, without sheep husbandry in this country, would be industrially dependent upon foreign nations for their wool. To my mind it seems almost axiomatic that industrial dependence in either branch of this industry on any foreign nation or nations would not tend to our greatest progress as a nation.

Second. Because it is an industry especially adapted to a large section of our country, either as the forerunner of the plow or upon lands that from their nature are not adapted to tillage.

Third. It furnishes a large amount of food to our people at once healthful and necessary to give proper variety to their supply of meat at a reasonable cost.

Fourth. It is an industry of prime importance in maintaining the fertility of our agricultural lands and in diversifying our agriculture. Of all the great natural resources we have received as an inheritance from our fathers, the fertility of our agricultural lands is the only one we can exploit industrially and still retain.

Gold and silver taken from nature's safety vaults, placed upon the markets of the world, dissipated in coinage and the industrial arts, are ours no more. Copper, iron, and lead, when taken from our mines and manufactured, are gone and lost.

The ax in the woodman's hands destroys our forests and leaves but ugly scars upon our mountain slopes.

We pride ourselves upon our coal consumption and point to it as an indicator of our industrial activity; but wise men are already counting the years to the time when our coal measures will be exhausted. From my library window I can look across a field tilled by the white man for a hundred years. There, before the white man came or even crossed the sea, the red man grew his corn. Still, owing to intelligent farming, that field is to-day as productive as ever. The reason of its sustained productive power is intelligent live-stock husbandry. Agricultural experience and science both teach that the fertility of our soil can only be maintained by a system of farming based upon live-stock husbandry.

Mr. Chairman, I believe that sheep husbandry is so vitally related to the conservation of the fertility of our soils that any effort to develop it would be justified.

You, Mr. Chairman, know from your own observation that when the flocks of the Reeds, the Shorts, the Rays, and their neighbors dotted the Bristol hills, their fertility and air of general prosperity was greater than it is to-day.

There is, perhaps, no industry that affects the producers of our country so widely as the one you are considering to-day. Men from the East and the West, from the North and the South, are assembled here to urge upon you the retention of the present schedules, our contention being that they are the very lowest under which our industry can be maintained.

Without going into a detailed and minute study of our tariff history, I wish you to bear in mind that with a tariff of about 12 cents per pound from 1867 to 1883 our sheep husbandry showed a gradual normal growth, as indicated by an increase of the wool clip from 160,000,000 pounds to \$300,000,000. In 1883 a modification of the tariff as affecting this industry was effected. While the reduction in duties on wool was slight, it, together with a reduction in the duties on wool and manufactures of wool, caused an immediate decline in the sheep husbandry. In 1890 the McKinley law increasing the rates on wool only about 1 cent per pound checked the decline, thus illustrating the fact that the protection of a tariff rate is in the last 1 or 2 cents or per cent—that is, if the duty needed for protection to wool is 12 cents a duty of 10 cents furnishes no protection and becomes simply a duty for revenue only.

In 1894 the Wilson tariff placed wool on the free list. In three years the value of the sheep upon the farms shrunk over \$60,000,000 and the wage-earners in our woolen mills received \$40,000,000 less in annual wage with which to purchase the necessities of life, largely furnished by our farmers.

In 1907 the present tariff was enacted. Under it the farm value of our sheep has increased from \$65,167,735 to \$211,736,000 and we furnish our mills with 70 per cent of the wool used by them.

An English writer, Mr. Persey Ashley, in his *Modern Tariff History*, says of the McKinley bill: "Its most novel feature was the extension of protection to agriculture." I submit to your careful consideration that if protection is to be given to the workers in any of our industrial pursuits it should be given to those who are engaged in agriculture, an industry that you gentlemen when upon the hustings call the backbone of our national life and whose workers you

term the brawn and sinew of our country. The words of Jesus ben Sirach are as true to-day as when they were written—

The wisdom of the scribe cometh by opportunity of leisure:
 And he that hath little business shall become wise.
 How shall he become wise that holdeth the plow,
 That glorieth in the shaft of the goad,
 That driveth oxen, and is occupied with their labors,
 And whose discourse is of the stock of bulls?
 He will set his heart upon turning his furrows;
 And his wakefulness is to give his hewers their fodder.
 So is every artificer and workmaster * * *
 So is the smith sitting by the anvil * * *
 So is the potter sitting at his work * * *
 All these put their trust in their hands;
 And each becometh wise in his own work * * *
 They shall not be sought for in the council of the people. * * *

A democracy such as ours, I apprehend, can only develop along the truest lines when the rewards of its workers in every industry are such as shall enable them to secure not only the necessities of life as well as a large measure of its comforts, but also time for thought and study. Yesterday, as I stood on the steps of yonder Library and looked out upon all the evidences of our national life spread out before me, I wondered how much of our national growth and development the great Hamilton saw in prophetic vision when he formulated his theory of protection to our national industries. To-day the problem, yea, heritage, of the American farmer is to feed and clothe 80,000,000 of freemen, and it needs no seer's vision to see the time when they will be 150,000,000.

Mr. UNDERWOOD. What is the production of American wool in this country to-day?

Mr. DANA. There are other gentlemen who have facts and figures who are better able to present them, but I should say it was approximately 290,000,000 pounds.

Mr. UNDERWOOD. And the imports amount to how much?

Mr. DANA. I could not tell you offhand, but I can give you the statements that the manufacturers have given me. I have seen the figures of about 70 per cent that we use.

The CHAIRMAN. The importations of wool are 90,000,000 pounds?

Mr. UNDERWOOD. Yes; and 22,000,000 pounds of that wool comes in first class. I thought possibly you had all of the classes added together; but it is something near 100,000,000 pounds, as against 290,000,000 pounds produced in this country.

Mr. CRUMPACKER. The third-class importations were 43,943,000 pounds; second-class importations nearly 10,000,000 pounds, so that would be about 140,000,000 pounds imported.

Mr. UNDERWOOD. Yes; as against 290,000,000 pounds produced in this country. You advocate that the present duty should remain as it is?

Mr. DANA. Yes, sir.

Mr. UNDERWOOD. On the ground that at present it produces a revenue for the Government and at the same time acts as a support to industry?

Mr. DANA. Yes, sir.

Mr. UNDERWOOD. What effect would it have upon the development of industries? We have had advocated before us for some days free

wood, free hides, and so on, in order to develop the manufacture of industries in the United States. What effect would free wool have on the development of the manufacturing interests in the woolen schedule of the United States?

Mr. DANA. If it meant free wool without adequate protection it would have, I apprehend, practically the same effect that the Wilson tariff bill had—the destruction of the sheep industry practically and a very large shrinkage in the activity of the manufacturing industry.

Mr. UNDERWOOD. If there was a relative revision in the woolen schedule to compensate for the amount gained by free raw wool, would that enable the manufacturing interests of this country to develop their foreign trade in any way?

Mr. DANA. I could not say; I could not answer that question. I am not a manufacturer nor familiar with that proposition.

Mr. UNDERWOOD. You are a sheep raiser?

Mr. DANA. I am a farmer.

Mr. UNDERWOOD. On your farming lands what do you make in raising sheep, per acre?

Mr. DANA. I want to be perfectly frank with you to-day and say that I do not own a sheep; and let me tell you why. The first animal I ever owned was a sheep. While I was yet in school my father gave me, on the home farm, a stud flock. I stayed with the industry as a grower of Merino sheep, and afterwards as a sheep feeder, until the tariff of 1894 hit me and I quit. I was not equal to it, and then I went to furnishing the manufacturing city of Rochester with milk. I was driven to it. As I said in the beginning, I do not pose as an expert on that idea. I only know by the general testimony of my neighbors, as I see the prices upon sheep, the coming and the going of sheep upon the farms around me, and what they to-day can make, with the prices on mutton and wool.

Mr. UNDERWOOD. What I wanted to ascertain, as a matter of fact, and not argument, to my own satisfaction and for my own determination, was, as to whether it is worth while for us to foster a sheep industry in this country at the expense of our manufacturing of woolens industry, or at the expense of the manufacturing industry, in competition with the great plains of South America, and that is the reason I wanted to find out from you, if I can, what it costs to raise sheep in this country, and what the farmer makes per acre, if you have those figures?

Mr. DANA. I haven't those figures.

The CHAIRMAN. We have others who will go into that subject.

STATEMENT OF MR. THEODORE JUSTICE, OF NO. 120 FRONT STREET, PHILADELPHIA, PA.

Mr. JUSTICE. Mr. Chairman and gentlemen of the Ways and Means Committee, before I begin my remarks, as a preliminary to the discussion of Schedule K, I would like to tell you that your forethought and wisdom in giving to the newspapers notice that you wanted information from those who possessed it as to the cost of production, has been widely spread through the Associated Press. The sheep grower tending his flocks in the remote valleys of the Rocky Mountains, and even on the Pacific coast, the man who gets his newspaper only once

a week, has been thoroughly aroused, and they have called upon each other to select those most competent to give you the information. They are coming here from Utah, Montana, Wyoming, Arizona, Ohio, Pennsylvania, and West Virginia, hurriedly, and bronzed and rough from tending sheep, with copies of their books to give you the information that you want; and I want to commend you for having invited the people of the United States so widely to come forward and give you the information that would enable you to make a wise tariff bill, one that will last as long, and promote the happiness of the people and the comfort of the people and the welfare of consumers, as the Dingley Act has during the last twelve years.

I have arranged what I have to say for your convenience mostly in the form of diagrams and tables, so that at a hurried glance you may easily acquire the information you desire without having to dig through pages of printed matter.

Mr. UNDERWOOD. Do you represent a wool-growing interest or a manufacturing interest?

Mr. JUSTICE. I would like to explain my position here. I came to ask for a hearing to represent the consumer of the United States. After I had secured the consent of the committee to be heard on that subject, the Wool Growers' National Association sent me a power of attorney to appear for them. I am not a wool grower. The Manufacturers' Club of Philadelphia appointed me on a committee to appear before you, and when I submitted to them the information which I had gathered for the use of this committee they asked me also to speak for them. But I wish to disclaim any authority for speaking for the manufacturers. The National Association will be very ably represented by its president, and I wish to disclaim any intention to trespass upon their part of Schedule K. My remarks will be devoted first to showing you that the object of the Dingley bill, as outlined in its preamble—the raising of revenue—has been admirably attained from the twelve years' experience with the Dingley law. I wish to show you at the same time that the fostering of American industry by the wise provisions of Schedule K has been eminently successful in that direction. Thirdly, I wish to show you, and I think I can demonstrate to you, that from the standpoint of the consumer, he, above all, has been most favored by Schedule K of the Dingley Act.

If you will pardon me a moment, I will say that I have very little matter to read, but as an introduction I crave your indulgence for a moment until I read a few lines which define what I propose to say. [Reads:]

Eleven years of trial and experience with Schedule K of the act of 1897 have proved all that its advocates before your committee then claimed for it. This is not only from the standpoint of the grower of wool, but from the standpoint of the consumer.

It has not only checked the destruction of the flocks of merino sheep, but has expanded them, thus proving that the duty of 11 cents per pound upon imported wool of the first class has at least been and now is adequate protection for this branch of the woolgrowing industry.

This duty, however, as I will show you, is not high enough to permit of reduction without injury to the woolgrowing industry and to the consumer as well.

Up to the time of the German agreement Schedule K has fully justified all that was claimed for it as to manufactures of wool. It has given American labor the privilege of making the largest proportion of the clothing worn by the American people. It has limited importations of "manufactures of wool" to those articles of elegance required by the tastes and prejudices of the rich, many of whom, owing to this prejudice, are paying double prices for foreign articles the duplicate of which in every respect can be bought in the United States for half of the duty-paid cost of foreign cloth of like kind and quality, as I will also show.

The only fabrics now largely imported under Schedule K are expensive rugs and carpets and material for such wearing apparel as is used exclusively by the wealthy classes. The goods used by the masses are made here in the United States so cheaply that if sent here from abroad and sold at prices now current for domestic goods the duty would have to be entirely paid by the foreigner in order to get into our market, and this is why they do not come.

Our importations, as previously stated, are limited to articles of luxury imported by the rich.

MR. UNDERWOOD. Do you mean to say that the present schedule is prohibitive as to the manufactured goods?

MR. JUSTICE. Oh, my, no. I say that it is so wisely adjusted that the low-priced articles worn by labor do not come in; it does not affect the cost to them, as I will show you.

MR. UNDERWOOD. Then it is only prohibitive as to that class worn by the poorer people?

MR. JUSTICE. It might be prohibitive if you say so, but I will show you later on that the cost of clothing, under Schedule K, to the masses is as cheap to-day as it was when we had free wool; in fact, I think I can prove to you that it is cheaper to-day than when we had free wool, if you take into consideration the difference in quality of material. During the free-wool period the price of a suit of clothes was as low as to-day, but it was wool shoddy. The price of a suit of clothes to-day made entirely of wool, under a duty of 11 cents a pound, is as cheap as the shoddy goods were during the life of the Wilson tariff act.

MR. UNDERWOOD. I wanted you to differentiate as to the schedule—where we have a prohibitive duty under Schedule K and where we have not.

MR. JUSTICE. Yes. Even that tax on raw material has not increased the cost of clothing to the masses. I think that throws light on the subject you are investigating, so I want to repeat that. The tax on raw material has not increased the cost of clothing to the masses. One week's protected labor in the United States will pay for a substantial suit of all-wool clothing such as is worn by 75 per cent of the American people and by the middle classes only in Europe, and this is impossible anywhere else in the world. American ready-made clothing is better tailored than much of the tailor-made clothing in Europe and is better than that worn by the laboring classes abroad.

The clothing that is worn by the people of like labor conditions abroad would be scorned by the American mechanic. Such a workman's suit made of wool as I now wear, for instance, would cost in England two weeks' labor, and in Germany it would cost three

weeks' labor, while in the United States it can be bought for less than one week's labor. So that you will see that Schedule K is a benefit to the consumer, for it places within his reach durable clothing at less than the labor cost of the same in any other part of the world.

I particularly call your attention to the following remarks: The difference between the cost to-day of protected wool and similar wool without duty, such as would be required in the woollen clothing of a family of four persons, allowing two suits, or the equivalent of the same in wool, to each person, containing as much wool practically for each person as the suit which I wear, and allowing that the women will wear the same quantity of wool that the men do in a suit that can be paid for here to-day in three days' labor, as I will show you. I want to impress that upon you.

Mr. UNDERWOOD. Will you not also give us the cash price for it?

Mr. JUSTICE. I propose to come to that later, but I want to emphasize this point, that the difference between the cost to-day of protected wool and similar wool without duty can be paid for by three days' labor, as I will show. This is one of the benefits of Schedule K to the American consumer, whom I appear here to represent.

The President-elect, if he is properly reported, has said: "Where is the consumer; he has not been heard?" So far as I can make out, the man who wants the tariff reduced desires it reduced upon the protection in the next county. I do not wonder that he has arrived at that conclusion from the hearings that have been had before you, if they are properly reported in the newspapers.

I am neither a woolgrower nor a manufacturer of wool, although I have been both, and understand the needs of both. We have heard much of late from the newspaper press about the duties upon "manufactures of wool" being outrageously high, increasing the cost of the necessities of life to the consumer. But I am trespassing upon the ground of the manufacturer. I wish to discuss this point from the standpoint of the consumer, because it has been charged that it is increasing the cost of the necessities of life to the consumer.

Mr. UNDERWOOD. Before you leave that particular point, you made a comparison of the value of the suit of clothes you have on between America, England, and Germany. Will you not give the committee, for its information, the cost price in dollars?

The CHAIRMAN. Perhaps it would be better if Mr. Justice finished his statement first in the usual way and we may have the questions afterwards.

Mr. JUSTICE. I have something here on that subject, which I think we had better discuss while the subject is uppermost. An all-wool suit of clothes, such as I have on, costs an average price of one week's labor, \$12.50. I have here a bill for the suit which I have on which will be turned in as Exhibit B of my remarks. I submitted this suit of clothes to a manufacturer and asked him to analyze it and give me the cost of the various products used which were produced from raw wool, up to the retailer's sale. Raw wool is the raw material of the manufacturer, but it is the finished product of the wool grower. It takes him the whole year to mature his fleece, and, as the wool growers who are present will tell you, the labor cost in this wool is nearly 91 per cent of its cost, the balance being interest and taxes. It costs nothing for the sunshine to grow the wool, but the labor of attend-

ance and other charges make the labor cost of wool nearly 90 per cent of its cost.

This suit of clothes contains $3\frac{1}{2}$ yards of material, weighing 21 ounces per yard, which equals 74 ounces of scoured wool in this suit of three pieces. I left off the vest, because it was warm, and this will illustrate my point. This is a very durable suit of clothes, such as a mechanic would wear, and one which he could wear in the rain any day, and which explains why I want as little on as necessary in this warm room.

Mr. UNDERWOOD. Was that the retail price of that suit of clothes, or the wholesale price?

Mr. JUSTICE. This suit I bought upon Chestnut street, Philadelphia, for \$12.50. I saw it in a window as I passed along, and my tailor would not make it for \$20 if I gave him the material free. I went in to examine, and found a material such as, as to texture, was worn by our army during the war, and I was very much impressed by the fact that the working of Schedule K of the Dingley law had lessened the cost of clothes to the American consumers. I tried the suit on, bought it; it was size 40, and lot No. 2118, as is shown on the inside of the pockets.

I was in hopes that Mr. Clark would be here, because I think he would suspect that I had on a suit of clothes costing at least \$60, because he has paid \$60 for a similar suit. I am sorry he is not here.

Mr. DALZELL. He will probably be here before you get through. [Laughter.]

Mr. JUSTICE. I will be very glad to meet him, because I see by the Associated Press that the ministers of Missouri, on Sunday week, had prayed to the Lord that their Representatives in Congress might have their eyes opened to the value of protection so that the workmen of Joplin might be able, under a protective tariff, to compete with the labor of Mexico, where the civilization is degraded. They saw in this a moral question, knowing that the uplift of the standard of living carries with it increased morals, just as the degrading of the standard of living carries with it decreased morals, and increases crime. So that you see it is a question for the ministers of the gospel to discuss, and I am sorry that Mr. Clark is not here to appreciate my remarks.

Mr. UNDERWOOD. Mr. Clark says that he is going to meet that later.

Mr. JUSTICE. I shall be glad if he does.

But to go back to that suit of clothes, I will be glad if you will let me finish this item, and then I will be open to any questioning that may be necessary to develop the facts.

I had gotten as far as the 21 ounces of scoured wool per yard. That would make 19 ounces of yarn, which dyed to color cost 53 cents per pound. The cost per yard to the manufacturer from yarn to goods is 20 cents, so that the net cost delivered at the mill is 83 cents. The manufacturer's profit on a yard is 8 cents, or 28 cents on $3\frac{1}{2}$ yards of cloth. And this suit proves that nearly the whole of the benefits of protection go to labor under Schedule K of the Dingley Act.

I will append to my remarks a statement marked "Exhibit X Y Z," which is a statement made by an American manufacturer who manufactured cloth of this kind in England before the passage of the McKinley Act. After the passage of that act the American market was closed to him, and he moved his machinery to the United States.

Some of the people who ran his looms in England followed him to the United States, and I wish to say that that gentleman is present in this room. His letter I commend to your careful consideration. I know of nobody more competent to develop the difference in the labor cost and in the conditions in labor between Europe and America than he.

MR. UNDERWOOD. If you have that letter, will you not please read it to us?

MR. JUSTICE. I will ask for it. Is Mr. Steel in the room. Gentlemen, this is Mr. Henry M. Steel, of the firm of Edward T. Steel & Co., formerly of Bradford, England, now of Bristol, Pa., since the passage of the McKinley Act. One word before I read it, because I may not think of it when I come to it later, and it is important, and that is the fact that the duties upon Schedule K are paid by the rich. A correspondent from Cleveland, Ohio, was in my office and I said to him, "Why, Henry, you and I have on the same cloth." "Yes," he says, "it is from the west of England, and I bought it in Cleveland for \$65." "Well," I said, "it is the same as mine, is it not?" and he replied that it was exactly the same. He asked me where I got it, and I told him that I got it 3,000 miles west of England, and that it was made in Bristol, Pa., by the firm of Edward T. Steel & Co. I told him that the cost of my suit was \$35, against his cost of \$65, and the difference is what he paid for his prejudice in favor of the foreign goods, confirming the remarks that I made in my preamble. This exhibit, X Y Z, is entitled "Advantage of the present tariff to labor," and shows the small profit of the American manufacturers of wool, as illustrated by the 28 cents in the 3½ yards, which is all the manufacturer made on this suit of clothes. The great advantage of the tariff to the American manufacturers is that it secures for them the home market, the greatest in the world. The American people are the greatest consumers in the world, which makes this market greatly sought for by foreigners. The rates of duty of the Dingley bill prevented competition of the American labor with the poorly paid labor of Europe, which Mr. Steel employed, and which he is competent to analyze. [Reads:]

X Y Z.

ADVANTAGE OF THE PRESENT TARIFF TO LABOR—SMALL PROFITS OF AMERICAN MANUFACTURERS OF WOOL.

The great advantage of the tariff to American manufacturers is that it secures to them the home market. The American people are the greatest consumers in the world, which makes this market eagerly sought for by foreigners. The rates of duty of the Dingley bill prevent competition of American labor with the poorly paid labor of Europe. American manufacturers of wool do not secure through the present tariff any inordinate or extravagant profits. While protected from the competition of foreign cheap labor, they must meet home competition, which they welcome, although such competition reduces their profits to a very small figure; I doubt whether American woolen and worsted manufacturers average a much greater net profit during a year than 5 per cent. In most other respects than

those I have mentioned the advantage of the tariff is strictly that of labor.

My firm, noticing the lower duties on worsteds than on woollens enacted by the tariff of 1883, sent a member of our firm, Mr. William G. Steel, to England, about the year 1883, and, while originally purchasing worsted fabrics of English manufacturers, we gradually entered into their manufacture there, thereby acquiring a knowledge of the wages paid in England in our industry. At the time of the enactment of the McKinley tariff, which made uniform duties on worsted and woollen fabrics, materially raising the duties on the former class of fabrics, we gave up this English undertaking and brought to this country the machinery which we had employed in England. Some of the operatives voluntarily followed us, and when we established our manufactory at Bristol, Pa., the English weavers who had come over, working on the same looms and on the same fabrics as they did in England, made wages frequently three times as much as they had earned in England. A competent weaver made in England about a pound a week, or, say, \$5, and in this country their wages frequently amounted to \$15 per week. In the interim wages of weavers have materially increased in the United States without much, if any, change abroad. In looking over one of our recent pay rolls I noticed that our most competent weavers earned over \$18 per week.

Any reduction of duties on woollen and worsted fabrics which will reduce the protection to such fabrics under the rates of the Dingley bill must fall entirely on labor. As I have stated, manufacturers' profits are reduced to a minimum, and, in consequence, manufacturers can stand no proportion of any reduction; it will have to be borne entirely by labor.

Respectfully submitted.

HENRY M. STEEL,
(Of Edward T. Steel & Co., Philadelphia.)

DECEMBER 2, 1908.

I wish to apologize to the manufacturers present who will follow me, for I am occupying their time and trespassing upon their territory, but I know I will be excused because this was not a voluntary introduction of an outside subject; but we had only gotten so far as the manufacturers' profit on the cloth in this suit. The price of this cloth was therefore 91 cents to the yard before it had gotten to the wholesale clothing manufacturer. Three and one-half yards, at 91 cents a yard, gives a cost of \$3.19. The making and trimming cost, \$3.50. My tailor would not make it for less than \$20. The development of the wholesale clothing manufacturing business in the United States, under Schedule K, has grown to such an enormous extent that the Government of France has sent a commission to the United States to investigate it. They can not see how we can pay a tariff on the raw material and sell clothing, taking the clothing that we have into consideration, cheaper than they can with their very much cheaper labor. The making and trimming was \$3.50, and that brings the cost of this suit to the wholesale manufacturer to \$6.69. His profit is \$1.50, so that by the time it has reached the retail clothier it has cost \$8.19. As I say, this was bought in a fashionable Chestnut street store. I should say that the dealer pays \$2,000 or \$3,000 a year rent,

and has a few tables around his room; and if he could fill it solidly with these goods he could turn these goods over with the small profit of 8 cents a yard which the manufacturer gets, or the small profit of \$1.50, which the wholesale clothing manufacturer gets, but he has to have 50 per cent profit, and he does not get rich at that; so that while this is the cost, delivered to the retail clothier, \$8.19, it is sold at \$12.50, making a profit of \$4.31.

The 74 ounces of clean wool in America, quarter-blood, costs \$2.29; 74 ounces of clean wool in England, quarter-blood, would cost \$1.32, so that the total difference between free and protected quarter-blood wool in a \$12.50 suit is 97 cents on each suit; so that the consumer pays 97 cents tariff on a suit of clothes which he can buy for one week's pay of an average American mechanic's wages, and for three-quarters of one week's pay of the average wage of the weaver in Mr. Steel's mill. Assuming that each workman has two suits per year like this, with four in the family, he pays \$7.76 more for the wool of the clothing of his whole family than if it was made of the same wool without duty. He is therefore out of pocket \$7.76.

Mr. UNDERWOOD. I would like to call your attention to one mistake in the figures. Estimating the cost of the clothing, the duty, the profit of the wholesale man and the profit of the retail man—

Mr. JUSTICE. There is no wholesale man in this suit. Every man who has handled this wool has made a satisfactory profit from the wool to the wearer.

Mr. UNDERWOOD. Then he has added that to the price of the wool?

Mr. JUSTICE. Of course he has. Of course the retailer does not come in. The retailer as a consumer has got to live. We are only discussing this from the standpoint of the duty upon raw material, and upon the small profit which the manufacturer makes on each yard, and which the American wholesale cutter makes on one suit of clothes. I will be very glad to answer any questions after I finish, but this is, I consider, a very important point from the standpoint of the consumer.

I had gotten so far as to say that the American, with four in the family, who has bought eight suits a year, is out of pocket \$7.76 by reason of the tariff on wool. To offset that he receives in wages, taking a dollar as the American unit, 200 per cent more than his pay in Germany for the same service. He therefore gains, in three days' wages, the tariff increased cost of the wool. One week's wages in the United States will pay for this suit of clothing for which it would take two weeks' wages in England and three weeks' wages in Germany. The purchasing power of labor, under Schedule K of the Dingley Act, as shown by the above, in so far as it relates to clothing, is 200 per cent greater here than it is in Germany, particularly since the privilege of the German agreement has been extended to that country. I assert as a fact that in Schedule K nearly the whole of the protective benefits go to labor, and I challenge anyone to prove to the contrary.

Mr. UNDERWOOD. Right in that connection will you not please give us the selling price of that same suit of clothes in England and in Germany, in dollars and cents?

Mr. JUSTICE. I have recently returned from abroad. I was on the Mediterranean. I was at Gibraltar, which is a free port—that is, they have no duty—and I concluded I would buy some things there

as samples to illustrate the difference between the free-trade prices in Europe and here. The only thing I could buy that was cheaper in free-trade Gibraltar than the United States was kid gloves, the Dent kid gloves, at 97 cents a pair, as against perhaps \$2 here, or possibly \$1.50, and also knit underwear of German manufacture.

Mr. UNDERWOOD. Then do I understand you to say, Mr. Justice, that that suit of clothes that you have on would cost you in dollars and cents in Germany or England the same as you pay for it here?

Mr. JUSTICE. I do, taking quality for quality.

Mr. UNDERWOOD. Of course I mean the same quality and the same class of goods.

Mr. JUSTICE. I did not see any mechanic or laborer wearing anything like this abroad. The laboring class there generally wears fabric of cotton warp and shoddy filling, and the price of such a suit is very low. The comparison of such a suit as that with the American prices I can not give, because I never saw anything so poorly made in the United States, excepting during the Wilson tariff act, when our mills used to make that kind of stuff to compete with similar stuff that was flooding our market from the mills of Europe.

Now, I am not getting on very fast, and I am trespassing upon the time of a number of gentlemen who are to follow me. I therefore desire hurriedly to pass over what I have prepared, and I will submit it for the benefit of the committee when making the bill. I have a schedule of subjects that I treat upon, so that when you call time on me and order me to the rear you will know what my portfolio contains. But I ask, for the benefit of the committee, and particularly for the benefit of those on it who are so solicitous for the welfare of the consumer—I ask them to go over my testimony carefully, because I have treated the points that I have made by diagrams, so that at a glance you can comprehend what is meant, the mind can fix its attention upon it, as it could not if you were reading a monotonous paragraph.

Exhibit A is on the subject of the Dingley tariff act to provide revenue for the Government and to encourage the industries of the United States. Eleven years' imports under Schedule K have yielded the Government \$300,000,000 in revenue, and this has been collected upon articles used almost exclusively by the rich.

Exhibit B shows the cost of clothing to the consumer under protection and the labor cost of clothing, which you have already exhaustively examined.

I desire to talk a few moments upon Exhibit C, because it is a matter which needs a little explanation, and it will not take long.

Mr. RANDELL. About the labor matter, I do not know whether I correctly understood you or not. Do you mean to say that labor in Germany and England is cheaper than it is here?

Mr. JUSTICE. Yes, sir.

Mr. RANDELL. And that they have more production and more efficiency?

Mr. JUSTICE. Oh, yes; the same efficiency of service can be bought in Germany for 33½ cents as against \$1 in the United States.

Mr. RANDELL. I wanted to get your statement on that. You say that the labor is not only cheaper, man for man, but also more efficient?

Mr. JUSTICE. I do. In proof of that I refer to Mr. Steel, who has employed on both sides of the ocean.

Mr. RANDELL. But that labor has been making very much less in the last eleven years, has it not? The manufacturers before this committee have been showing that when the Dingley law was enacted the price for labor went very much higher in England and in Europe than here, and that they are gradually catching up with us.

Mr. JUSTICE. No; they are not.

Mr. RANDELL. And that the efficiency here was greater.

Mr. JUSTICE. That is not true.

Mr. RANDELL. And that the prices were very much higher.

Mr. JUSTICE. No; I did not say that.

Mr. RANDELL. No; I am only reciting the testimony that has been produced here.

Mr. JUSTICE. I say that the wages, taking the pay per hour, the labor earnings of the Americans per hour, for the same efficiency, is 200 per cent higher here than it is in Germany, and more than 100 per cent higher than it is in England.

Mr. RANDELL. Well, assuming that the statement that has been made here was true, that when the Dingley bill was enacted that really the truth of it was that labor was much higher in Europe than in America—

Mr. JUSTICE. It was then, of course—that is, I mean it was higher in America—the reverse of that.

Mr. RANDELL. What I mean is this: The statement has been made here by parties interested in these schedules that the truth of it was that labor in Europe was much higher at the time the Dingley bill was passed than it was in the United States.

Mr. HILL. Would it not be fair to state that that only referred to just exactly one question, and that was in shoe manufacturing before they introduced American machinery. That statement has not been made with reference to any other industry whatever.

Mr. RANDELL. It was made especially in that trade, I know, and it was made simply by the shoe men, who wanted to get the tariff off of hides and leather, in representing that they could compete with Europe, and that the price of labor in Europe was greater when the Dingley bill was passed than in America, and with reference to the shoe matter it was more efficient here.

Mr. JUSTICE. And that was, in fact, true with regard to schedule K.

Mr. GAINES. The shoe people, as Mr. Hill indicated, stated that when the Dingley Act was passed the superiority of the American shoe machinery gave so much greater efficiency to the American labor that the labor cost in America then, in making shoes, was less than it was in England, but that the introduction since that time of American machinery had increased the labor efficiency in England, and in that way had reduced the labor cost to slightly below us now. You say that in the textile industry the spindles are operated more rapidly in Europe and that the English climatic conditions also favor them?

Mr. RANDELL. And the statement was made that labor was higher paid in Europe at that time than it was in America.

Mr. GAINES. The records show that?

The CHAIRMAN. The record will show, and it does not seem worth while to spend much time on that point.

Mr. RANDELL. But I was asking the witness's opinion with reference to that.

Mr. JUSTICE. I would like to confine my remarks to Schedule K. I do not pretend to know anything about any other schedule.

Mr. CRUMPACKER. But I am unable to reconcile your logic. You say that labor is cheaper abroad than it is here?

Mr. JUSTICE. Yes, sir.

Mr. CRUMPACKER. And more efficient; and that raw material, in the manufacture of wool, is cheaper abroad than here; and the manufactured clothing, as shown by the suit of clothes which you wear, you say, is cheaper here than in Europe?

Mr. JUSTICE. Yes.

Mr. CRUMPACKER. Then why do you need any protection?

Mr. JUSTICE. We had an experience with the removal of protection under the Wilson Act, and there was no sale for wool in the United States; it had to be sent abroad. I know of shipments of American wool that were sent to London and could not be sold. It was sent to the Continent and could not be sold, and when the moths began to eat it it was finally sold at public auction, and the Texas wool-grower who sent it abroad had to send on money to pay for it. That was because the American mills were shut up. I want to tell you this: That when a mill is rushed to full capacity, the cost of production is cheaper. If it has been shut up half of the time the cost of production increases. Under the Wilson bill they were shut up half of the time. As showing the condition of the wool market during the free-wool period, sheep that were worth \$4 per head when Grover Cleveland sent his free-wool message to Congress were sent to Cleveland, Ohio, and sold at 50 cents, being slaughtered for their skins, and their meat was boiled up for tallow, and that was before the Wilson Act had actually become a law.

Now we come back to the condition of manufacture under the Wilson Act, when we had free raw material and the tariff for revenue was 50 per cent ad valorem. It was largely undervalued. The duties collected during the Wilson tariff act upon imported manufactures of wool, if my memory serves me rightly, were somewhere in the neighborhood of \$40,000,000. I do not recall whether that was annually or for the whole time of the Wilson Act period, but I think it was annually. However, Ex-Secretary Shaw has stated that owing to the practice of consigning their goods to American agents at the American custom-house and avoiding taxation, he was convinced that the value of those goods coming to America was nearer \$60,000,000 than \$40,000,000.

Mr. CRUMPACKER. Do you mean to say, and do you want to stand by the statement, that we can manufacture woollen fabrics in this country under existing conditions cheaper than they can in England and in Germany?

Mr. JUSTICE. I am speaking of this suit of clothes, and you do that under a protective tariff which enables our mills to run night and day, and which enables the manufacturer to turn out cloth at a profit of only 8 cents a yard, while the man in Europe would probably make 16 or 24 cents a yard, as against the small profit in the United States.

Mr. CRUMPACKER. If we can do that we can send our goods abroad.

Mr. JUSTICE. No, we can not.

Mr. CRUMPACKER. Why not? If we can undersell them, we can run our mills to their full capacity all the time.

Mr. JUSTICE. But if we do that we will have to sell cheaper abroad than at home.

Mr. CRUMPACKER. I do not understand how it is, where you say the labor cost is more than twice as much here as abroad and the cost of raw material is greater, and as labor is the chief element of cost in the manufacture of fabric, that we can manufacture and sell woolen fabrics here cheaper than the foreign manufacturer. I can not understand that.

Mr. JUSTICE. Because we have tried both systems. We have tried the McKinley Act, and then the removal of the tariff, and you have plenty of evidence before you to show you the results. But the fact that stands out most prominently in my memory during that experience was the closed mill, no market for wool, and long lines of gaunt men and women at the soup houses.

Mr. CRUMPACKER. Yes; we understand that. I think you have answered that question probably as fully as you can.

Mr. RANDELL. Was not what you speak of something that occurred before the enactment of the Wilson bill and while the McKinley bill was in force? Was it not during a panic that occurred while the McKinley bill was in force? Did I understand you correctly when you stated that in reference to the time, or did I not?

Mr. JUSTICE. My papers cover the life of the Dingley Act.

Mr. RANDELL. But you spoke about sheep going down in Ohio from \$4 to 50 cents, seven-eighths of their value dropping out. Was not that during the panic and while the McKinley bill was in force? You can answer my question by yes or no, and then you may explain your answer.

Mr. JUSTICE. It was due to the panic caused by Grover Cleveland sending a free-wool message to Congress.

Mr. RANDELL. But that is a question of opinion absolutely.

Mr. JUSTICE. Please hear me out, and do not choke me off. You have brought this out, and I would like to get it clear. The moment Grover Cleveland issued his free-wool message its future effect was discounted or anticipated, and the price of wool fell to a free-trade basis of labor before the Wilson Act was effective, and the same thing applied to sheep.

Mr. RANDELL. Are you not mistaken about that? Do you mean to say that the issuing of a message by Mr. Cleveland changed the value of sheep in Ohio from \$4 to 50 cents?

Mr. JUSTICE. It made a panic and the panic changed conditions.

Mr. RANDELL. But was not the panic on before that? Did it not begin in 1892?

Mr. JUSTICE. No.

Mr. RANDELL. It occurred in 1891 or 1892 and the bottom dropped out in 1893.

Mr. JUSTICE. The moment Grover Cleveland issued his free-trade message. He was a gold Democrat, and there was no fear of silver inflation—

Mr. RANDELL. Then what was the fear?

Mr. JUSTICE. The fear of the industrial annihilation which followed.

Mr. RANDELL. Are you not mistaken about the sheep dropping in price from \$4 to 50 cents?

Mr. JUSTICE. No, sir; there are wool growers in this room——

Mr. RANDELL. It would be worth more for meat eating at home.

Mr. COCKRAN. You say that the suit of clothes which you have upon you was bought for \$12.50?

Mr. JUSTICE. Yes, sir; in a fashionable store on Chestnut street, Philadelphia, for \$12.50. I think you were absent when I showed the bill.

Mr. COCKRAN. Is that an unusual condition?

Mr. JUSTICE. No, sir.

Mr. COCKRAN. How long has that condition existed that you describe, namely, that you can purchase clothing cheaper in this country than you can abroad? Has this condition existed for some years?

Mr. JUSTICE. I bought this on the 7th of November. It is the present condition.

Mr. COCKRAN. The present condition?

Mr. JUSTICE. This is the condition under Schedule K of the Dingley Act.

Mr. COCKRAN. No matter what it is under, because that we can all explain to the satisfaction of ourselves, but I want to get the facts. Has that condition existed for some time, under which clothing can be purchased in this country cheaper than anywhere else in the world?

Mr. JUSTICE. No, that was not always the condition.

Mr. COCKRAN. For several years past?

Mr. JUSTICE. Schedule K has enabled the manufacturers to build up that condition here.

Mr. COCKRAN. But please answer my question. How long has that condition existed?

Mr. JUSTICE. I can not answer that, because my attention was not called to it until I saw a statement the other day in a New York paper that Schedule K on the manufactures of wool, was outrageously high, and that the consumer was oppressed. That made a great impression upon me——

Mr. COCKRAN. Undoubtedly.

Mr. JUSTICE. And this is the result.

Mr. COCKRAN. But will you please tell me whether it is an unusual condition or not?

Mr. JUSTICE. No, sir. Mr. Steel, who is present in the room, told me that if he had known what I was up to he could have bought me a better suit of clothes, with finer wool in it, for the same price.

Mr. COCKRAN. But I am only asking about the time that it has continued.

The CHAIRMAN. But he says that his attention was not called to it.

Mr. RANDELL. But if he had known of the proposition, perhaps he might have bought it for \$10.

Mr. JUSTICE. The purpose of my presence here to-day is to answer some false charges against Schedule K of the Dingley Act, and I have fortified myself to prove that these charges are not true; and I challenge anybody to prove that they are true; that is, that the duties of Schedule K of the Dingley Act are outrageously high. I have demonstrated here that they are not.

Now, Mr. Chairman, I had only gotten as far as Exhibit B, which relates to this suit of clothes, and which seemed to arouse a great deal of interest and astonishment.

Exhibit C is a diagram which shows the experience with five different tariff laws. It shows the influence of tariff revision, indicating that when the tariff was going to be revised upward prices raised before the revision was made. It shows that when the tariff was to be revised downward prices declined before the new tariff was made.

The next is exhibit B C. It shows the decline in free wool and the advance of foreign prices when the American crop was destroyed and the supply was reduced, causing foreign prices to go up. Exhibit B C is introduced here to show that when we took off the tariff on wool we lowered the American price and we raised the foreign price, and that is one of the explanations why clothing abroad costs so near as much as clothing in the United States.

Exhibit F shows the location of sheep in the United States owing to the tariff changes. That is introduced because the charge has been made in sections east of the Mississippi where there are small farmers raising mutton sheep that the sheep have disappeared, and that they have increased west of the Mississippi. It also shows that the total number of sheep under schedule K of the Dingley Act have increased, showing that the results of the title of the Dingley Act to "foster industries" has been satisfactory and successful.

Exhibit G shows the world's production of raw wool contrasted with the United States' production of wool. Somebody has asked for that, and this is outlined not only in figures, but in the diagram, which will illustrate it along black parallel lines.

Exhibit I is a subject upon which the manufacturer will largely treat, and that is as to the number of pounds of wool which it takes to make a pound of cloth. The woolgrower is interested in that, because he knows that the manufacturer is his only customer in the world, and he must be amply protected; otherwise it would destroy the American woolgrowers' only market.

Exhibit J shows one of the cruel, wicked results of the Wilson tariff act. It shows that the imports of shoddy, rags, and waste under the Wilson Act were more than 1,400 per cent larger than the entire combined imports of these articles under both the McKinley Act, which preceded it, and the Dingley Act which followed it.

MR. RANDELL. Do you mean by "shoddy" mixed wool and cotton? You do not mean pure wool, do you?

MR. JUSTICE. Shoddy is rags broken up by machinery and reduced to a raw wool condition again. This diagram illustrates it [indicating].

MR. RANDELL. But you do not answer my question. My understanding is that you call "shoddy" any goods that are woollen, but not all wool. Is that correct or not?

MR. JUSTICE. Shoddy is generally all wool.

MR. RANDELL. Either wool or shoddy. Is it all wool—well, if you can not answer my question I will withdraw it.

MR. JUSTICE. I am simply giving you the title to the papers which I wish to submit to the committee. I am anxious to get through because I know there are men here who have come from the Pacific

coast, and who desire to explain to you the conditions of the wool-growing industry out there.

Exhibit K relates to selling to nations from whom we do not buy. It has been claimed that we can not expect foreigners to buy of us unless we buy of them, and therefore we must lower our tariff. Contrasting the conditions under the Wilson and the Dingley acts which followed, the foreigners under the Dingley Act, in comparison with the Wilson Act, have bought three and one-half times as much of us as we bought of them.

Exhibit L is the Republican and Democratic platforms of 1908 in parallel columns. I submit this for this reason: The press of the country seems to have interpreted tariff revision as tariff reduction, and I want to call this committee's attention to these parallel columns. I think the consumers of America are very anxious, in revising the tariff, that you should not mistake the Democratic platform for the Republican platform. The President has asked you to "hew to the line." Consumers ask you to hew to the line of the Chicago platform, which defines tariff revision more clearly than any definition ever before written in any platform. It is illustrated by the late lamented McKinley's last speech at Buffalo, which tariff reducers are so fond of quoting, where he said that the time might arrive when tariff revision was possible, but that it should be made in such a way that no American should lose his job.

The CHAIRMAN. Will you please proceed with your argument, Mr. Justice? We do not care for your views upon that matter at this time, but what we want is information.

MR. JUSTICE. I will hurry through as fast as I can.

Exhibit E J is Uncle Sam's balance sheet, showing the per capita wealth of the nation to-day to be the greatest in the world, and its increase under the Dingley Act until we have at last exceeded the per capita wealth of France, which heretofore was \$1,000 per capita, it then being the richest nation in the world, while ours to-day is \$1,300 per capita, making us the richest in the world. This is pertinent to the question of tariff revision, because we do not want you to revise the tariff in a way that will alter those conditions.

Exhibit O O is the consumer's advantages resulting from the protective features of the Dingley Act, Schedule K.

Exhibit X Y is the minimum and maximum tariff, with a history of the German tariff, the minimum of which is always protective and sometimes prohibitive, while their maximum is always prohibitive.

Exhibit D A is the estimated time required to increase domestic wool production to clothe the American people under the different tariff acts.

Exhibit W shows the wool product of the United States.

Exhibit E I shows the course of American and foreign wool prices from 1904 to 1908 compared, and showing the effect of tariff revision on domestic wool.

Exhibit M shows that the purchasing power of one hour's wages in 1907 was 6.8 per cent greater than the average of the ten-year period from 1890 to 1899, the period of the Wilson tariff act. The average rate per hour in 1907 was 28.8 higher than the average of the ten-year period 1890 to 1899, which included four years of the Wilson Act.

Exhibit N is a paper on the dangers of tariff revision.

Exhibit O is the labor cost of growing wool and manufacturing wool, relating to the compounding of duties of Schedule K, the protective benefits of which nearly all go to labor.

Exhibit P is "Are the woolen schedules beyond all reason," as has been charged? That is the answer to that.

Exhibit Q is a paper, "The American home market is the only one for American-grown wool."

Exhibit R is a paper called "Bryan's false lure to labor."

Exhibit U is a protest of the textile importers against the agreement with Germany.

Exhibit B is a paper entitled "Immediate tariff revision, or shall we stand pat?"

Exhibit Z, which is the last, is the wool-tariff hearing before you twelve years ago.

Those are the enumerations of the subjects which my papers contain, and I do not propose to allude to that further unless some gentleman desires to draw forth the facts by questions. I will answer any question that I am capable of answering, and that may give you the information that you wish. I wish to apologize for taking so much of your time.

MR. GRIGGS. Are you not mistaken in saying that the panic began in 1893? Was not the beginning of the panic in 1890?

MR. JUSTICE. I referred to the panic in the wool market, which began the day Grover Cleveland's message was sent to Congress.

MR. GRIGGS. Was there not a general panic beginning in 1890 which lasted through to 1896?

MR. JUSTICE. No, sir. General Harrison's last message to Congress stated that the American nation was the most prosperous nation in the world, and that at the close of his administration prosperity was so great that we were the marvel of the world.

MR. GRIGGS. I am not asking you what President Harrison said, but can you answer my question?

MR. JUSTICE. I say that the United States at the period you inquire about was the most prosperous country in the world.

MR. GRIGGS. But don't you know that at that time President Harrison had already directed the making of plates for the issuing of bonds in time of peace?

MR. JUSTICE. I can not answer that question.

THE CHAIRMAN. Why not inquire about "the crime of 1873?"

MR. GRIGGS. I do not care anything about that.

MR. JUSTICE. Yes; the answer to your question now comes back to my memory—the sort of tariff for revenue.

MR. GAINES. I would suggest that General Grosvenor is coming.

MR. JUSTICE. The sort of tariff for revenue he suggested made it apparent to everybody that before the close of his administration that that sort of tariff revision would make a tariff law that would be a failure as a revenue producer, and Grover Cleveland would have to sell \$250,000,000 of bonds to meet the current expenses of the Government; and that because when the national credit fails, private credit fails, and there were panicky conditions, as I say, which began the moment Cleveland issued his message.

MR. GAINES. You say he did not find plates ready for the issuing of the bonds when he came in?

Mr. JUSTICE. I never knew of it; that did not come within my knowledge.

Mr. GAINES. Do you know or will you file here what the world's production of wool is annually?

Mr. JUSTICE. Yes, sir; I have it.

Mr. GAINES. You have it there?

Mr. JUSTICE. Yes; I will file a statement covering that.

Mr. GAINES. The American production I mean.

Mr. JUSTICE. The American production and the world's production, it is in a diagram here.

Mr. GAINES. Do you remember how much that is?

Mr. JUSTICE. If I may show it to you in the form of a diagram in these papers, I will be glad to show it to you.

Mr. GAINES. Well, if you file it that will answer. I wanted the world's production and the American production.

Mr. JUSTICE. There it is [indicating]; this is the world's production of wool by continents [indicating], and this is Europe, which is first [indicating].

Mr. GAINES. I wanted the total.

Mr. JUSTICE. There is the total [indicating].

Mr. GAINES. And the United States?

Mr. JUSTICE. There is the United States [indicating].

Mr. GAINES. And what is the United States consumption of wool?

Mr. JUSTICE. I have it in this paper, which I will file.

Mr. GAINES. If it is there, I will read it.

The CHAIRMAN. That is all.

The following exhibits were filed by Mr. Justice:

A.

DINGLEY TARIFF ACT (H. B. 379).

An act to provide revenue for the Government, and to encourage the industries of the United States.

Exhibit A will show that Schedule K of the Dingley tariff act for its first eleven years complied with the title of the act, the paramount purpose of which was to produce revenue, and Schedule K yielded nearly \$300,000,000 revenue (\$292,290,948).

The secondary purpose of the act, as we find in the title, was to encourage the industries of the United States.

Exhibit C will show how the wool-growing industry has been encouraged, and how the number of sheep kept on the farm for raising wool has increased 14 per cent.

Exhibit D will show how the number of sheep kept on the farm, including the sheep and lambs killed for mutton, has increased 46 per cent, according to the estimates of the Department of Agriculture.

As a further evidence of how the life of the Dingley tariff act has benefited the consumer, I refer to Exhibit B, which shows that the purchasing power of one week's labor in the United States is 200 per cent greater than on the continent of Europe.

A.

Articles Imported.	Total imports for period of eleven years under the Dingley tariff act, ending June 30, 1908.	Total duties collected.
1. Wool, class 1.....pounds.....	569,718,157	
2. Wool, class 2.....do.....	121,396,959	
3. Wool, class 3.....do.....	817,101,291	
4. Total raw wool.....do.....	1,538,216,407	\$117,544,545
5. Manufactures of wool (articles used almost exclusively by the rich).....	\$193,600,670	\$174,746,403
6. Carpets, rugs, etc. ^b	\$38,078,221	* \$292,290,948 \$20,787,618

* The total of duty collected on wool and woolsens.

^b Included also in the manufactures of wool.

B.

THE HILTON COMPANY,
Philadelphia, November 7, 1908.

Sold to Theo. Justice.

To suit, lot 2118, size 40, \$12.50.

Received payment,

THE HILTON Co.
M.

Analysis of all-wool suit sold at retail for \$12.50.

Details from wool to consumer as follows:

Suit of all-wool clothing costs.....	\$12.50
3½ yards material, weighing 21 ounces per yard, equals	
74 ounces of scoured wool in suit. 21 ounces scoured	
wool per yard make 19 ounces of yarn, which, dyed to	
color, at 53 cents per pound, costs.....	\$0.63
Cost per yard to manufacture from yarn to goods.....	.20
Net cost at mill.....	.83
Manufacturer's profit.....	a. 08
Price per yard paid by wholesale clothier.....	.91
3½ yards at 91 cents.....	\$3.19
Making and trimming.....	3.50
Cost of suit to the wholesale clothing manufacturer.....	6.69
Profit of wholesale clothing manufacturer.....	1.50
Price to retail clothier.....	8.19
Profit of retail clothier.....	4.31
	12.50
74 ounces of clean wool in America (quarter blood).....	^b 2.29
74 ounces of clean wool in England (quarter blood).....	^b 1.32
	.97
Total difference between free and protected quarter-blood	
wool in a \$12.50 suit is 97 cents on each suit	

* The manufacturer's profit of 8 cents on one yard or 28 cents on the 3½ yards of cloth in this suit proves that nearly the whole of the protective benefits of Schedule K go to labor.

^b On basis of 49 cents for domestic, one-fourth blood, and 28½ cents clean for Shropshire in England.

Assuming that each workingman has two suits per year, and four in family, making eight suits at 97 cents increase on each suit owing to the tariff on wool, he pays \$7.76 more for the wool in the clothing of his family than if it were made of the same wool without duty.

He is therefore out of pocket \$7.76 by reason of the tariff on wool. To offset that, he receives in wages (taking \$1 as the American unit) 200 per cent more than is paid in Germany (33½ cents in Germany) for the same service.

He therefore gains in three days' wages the tariff-increased cost of the wool.

One week's wages in the United States will pay for this suit of clothing, for which it would take two weeks' wages in England and three weeks' wages in Germany. The purchasing power of labor under the Dingley Act, as shown by the above, in so far as it relates to clothing, is 200 per cent greater here than it is in Germany.

I assert as a fact that in Schedule K nearly the whole of the protective benefits go to labor, and I challenge anyone to prove the contrary.

The purchasing power of one hour's wages in 1907 was 6.8 per cent greater than the average of the ten-year period 1890 to 1899.

The average rate per hour in 1907 was 28.8 per cent greater than the average of the ten-year period 1890 to 1899, which period included the four years of the Wilson tariff act. Does this not show beyond doubt that the benefits of protection go to labor and to the consuming class, 95 per cent of which are producers?

C.—Experience with five different tariff laws, showing that the future is always anticipated or discounted. [Omitted in this print.]

B C.—Table showing the decline in six years of Ohio XX scoured and Port Philip scoured. [Omitted in this print.]

D.—Experience with five different tariff laws, showing that the future is always discounted or anticipated. [Omitted in this print.]

E.

Year.	Third-class wool costing 12 cents or less on which 4 cents per pound duty was paid.	Third-class wool costing over 12 cents on which 7 cents per pound duty was paid.	Percentage on which 7 cents per pound duty was paid.
			<i>Per cent.</i>
1898.....	\$41,490,140	\$1,667,432	4
1899.....	64,748,727	896,042	1
1900.....	95,911,881	3,058,513	3
1901.....	80,340,057	1,882,886	2
1902.....	97,371,997	1,115,732	1
1903.....	116,281,381	4,806,164	4
1904.....	88,964,968	19,168,069	18
1905.....	79,560,317	33,035,560	29
1906.....	69,970,726	39,648,540	36
1907.....	46,390,082	46,068,087	50
1908.....	36,071,065	27,782,412	43
Total.....	817,101,291	178,626,387	

82 per cent third-class wool imported at a duty of 4 cents.
18 per cent third-class wool imported at a duty of 7 cents.

F.—Location of sheep in the United States, 1870, 1896, and 1907. [Omitted in this print.]

G.—The world's production of raw wool, by continents. [Omitted in this print.]

H.

WOOL SUPPLY IN THE UNITED STATES.

Imports of wool, fiscal years ending June 30, 1898 to 1908, inclusive, with exports of foreign and domestic wools, amount of domestic clip, and quantity retained for consumption, with percentage of foreign wool to total supply.

	Imports year ending June 30.				Foreign value.	Domestic production of calendar year preceding. Estimate of national association.	Exports year ending June 30.		Retained for consumption.	Per cent of foreign.	
							Foreign.	Domestic.			Total.
	Class I.	Class II.	Class III.	Total.							
	Pounds.	Pounds.	Pounds.	Pounds.		Pounds.	Pounds.	Pounds.	Pounds.		
893	43,311,565	6,736,201	122,386,072	172,433,838	21,064,180	333,018,405	4,218,637	91,858	601,141,748	38.5	
894	10,683,496	1,548,505	42,915,864	55,152,865	6,107,438	348,538,188	5,977,407	520,247	377,188,069	12.4	
895	17,131,222	13,476,735	105,405,649	206,033,906	25,536,421	325,210,712	2,843,081	4,279,109	624,622,428	38.8	
896	11,753,470	10,536,318	177,921,455	230,911,473	32,451,232	254,296,728	6,028,286	6,940,981	812,255,952	43.9	
897	20,123,079	37,892,879	132,031,821	350,047,779	38,243,191	272,474,706	8,429,538	8,700,998	814,626,136	66.6	
898	45,123,092	4,320,875	85,603,791	135,047,758	16,743,692	279,153,251	2,904,882	5,271,359	819,322,932	38.6	
899	12,975,989	4,320,875	61,603,791	78,900,655	18,783,329	349,720,469	17,411,916	1,908,419	496,964,914	39.6	
900	37,904,213	12,631,283	101,983,929	152,519,425	29,326,687	275,191,389	8,542,592	2,900,565	382,437,023	33.7	
901	30,681,475	6,094,024	94,854,272	131,629,771	31,530,893	292,636,629	8,104,633	1,283,276	485,854,307	33.6	
902	66,131,570	6,094,024	94,854,272	168,576,966	17,711,788	302,807,982	8,104,633	1,283,276	485,854,307	33.6	
903	42,202,121	6,094,024	119,702,562	177,137,706	27,152,961	316,841,032	2,992,998	8,511,919	489,964,914	37.8	
904	45,575,993	12,293,113	115,232,698	173,742,804	24,813,591	297,450,000	2,863,053	319,750	458,070,031	47.8	
905	109,838,258	26,551,624	112,695,864	249,135,746	46,225,558	291,783,032	2,437,697	1,283,276	485,854,307	33.6	
906	86,810,307	15,204,254	99,674,107	201,688,668	39,049,372	296,489,488	5,460,378	1,283,276	491,584,247	39.9	
907	82,982,116	10,671,378	110,194,051	203,847,545	41,534,028	298,715,130	8,231,908	214,840	499,115,927	40.8	
908	45,796,303	13,332,540	66,849,681	125,980,524	23,664,938	298,294,750	5,444,005	182,458	418,648,811	28.8	

*The wool product for the year 1900 as ascertained by the Twelfth Census was 276,931,812 pounds of fleece wool and 83,000,000 pounds of pulled wool. Total, 359,931,812 pounds; total 16 years, 7,438,616,152; annual average for 16 years 464,913,447.

Annual wool supply and consumption, 1893 to 1908, inclusive.

	Pounds.
Annual average of wool retained for consumption.....	^a 464, 913, 447
Annual average of raw wool imported in the form of manufactures of wool, allowing 3 pounds of wool to every \$1 of value.....	73, 553, 596
Total	538, 467, 043
Raw-wool consumption.....	538, 467, 043
Grease-wool equivalent of the noils, shoddy, waste, etc., consumed annually	^b 111, 532, 957
Total annual wool consumption.....	650, 000, 000
Per capita consumption of raw wool in 1908, 6½ pounds.	

H I.

Wool supply at the end of each year, based on production and imports, less consumption and exports.

	1896.	1897.	1898.	1899.
	Pounds.	Pounds.	Pounds.	Pounds.
Carried over from previous year.....	194, 724, 631	393, 986, 523	794, 484, 726	761, 515, 011
American clip.....	272, 474, 708	239, 153, 251	296, 720, 684	272, 191, 330
Imports of wool.....	159, 776, 016	856, 839, 483	99, 830, 404	103, 637, 574
Imports of shoddy, noils, rags, etc.....	17, 011, 149	^b 200, 000, 000	459, 197	317, 351
Total supply.....	643, 983, 523	1, 254, 484, 726	1, 161, 515, 011	1, 139, 601, 246
Consumption and exports.....	250, 000, 000	490, 000, 000	400, 000, 000	550, 000, 000
Carried over at end of year.....	393, 986, 523	794, 484, 726	761, 515, 011	599, 601, 246

	1900.	1901.	1902.	1903.
	Pounds.	Pounds.	Pounds.	Pounds.
Carried over from previous year.....	589, 891, 246	494, 073, 762	396, 818, 135	314, 760, 961
American clip.....	283, 636, 621	302, 502, 328	316, 341, 032	287, 430, 000
Imports of wool.....	139, 908, 718	124, 964, 377	176, 292, 639	173, 573, 891
Imports of shoddy, noils, rags, etc.....	637, 177	277, 668	309, 156	312, 861
Total supply.....	1, 019, 073, 762	921, 818, 135	889, 760, 961	778, 097, 713
Consumption and exports.....	525, 000, 000	525, 000, 000	575, 000, 000	490, 000, 000
Carried over at end of year.....	494, 073, 762	396, 818, 135	314, 760, 961	288, 097, 713

	1904.	1905.	1906.	1907.	1908.
	Pounds.	Pounds.	Pounds.	Pounds.	Pounds.
Carried over from previous year.....	283, 622, 700	283, 622, 700	253, 524, 107	180, 299, 002	158, 115, 586
American clip.....	291, 783, 032	295, 488, 438	238, 915, 130	298, 294, 750	300, 000, 000
Imports of wool.....	183, 572, 683	249, 135, 746	201, 688, 668	203, 847, 545	^b 120, 000, 000
Imports of shoddy, noils, rags, etc.....	180, 272	277, 223	1, 171, 097	674, 289	^b 400, 000
Total supply.....	764, 622, 700	828, 524, 107	755, 299, 002	683, 115, 586	578, 515, 586
Consumption and exports.....	481, 000, 000	575, 000, 000	575, 000, 000	625, 000, 000	^b 500, 000, 000
Carried over at end of year.....	283, 622, 700	253, 524, 107	180, 299, 002	158, 115, 586	228, 515, 586

^aAdded to cover the increased efficiency of 113,958,915 pounds of shoddy over grease wool imported during 1895, 1896, and 1897.

^bEstimated on basis of ten months.

Average consumption for thirteen years. 483,000 pounds.

^a From figures of the National Association of Wool Manufacturers.

^b 17.16 per cent of the total annual wool consumption.

I.—Table showing the quantity of merino wool of various qualities required to make 1 pound of finished cloth, based upon commercial experience with importations of raw wool. [Omitted in this print.]

THE USE OF SHODDY.

AMERICAN MANUFACTURERS USE MORE PURE WOOL THAN THEIR COMPETITORS IN ANY COUNTRY IN THE WORLD.

By THEODORE JUSTICE.

In the article under the head of "Wood substitutes" in the last number of *The Manufacturer*, is quoted a paper read by Mr. A. Monsell, of Shrewsbury, England, at a meeting of British sheep owners which is full of errors in so far as it relates to the use of shoddy in the United States.

It is safe to say that the American woolen manufacturer uses more pure wool in proportion to shoddy than any other class of woolen manufacturers in the world. This is susceptible of proof.

My information leads me to believe that Mr. Monsell's statements with regard to the use of shoddy in Europe are quite correct. He undoubtedly has access to accurate information as to the woolen industry in Europe. He recognizes that the British wool grower's market for wool has been destroyed by the extent to which the use of pure wool in Europe has been superseded in the manufacture of so-called "woolen goods" by the use of shoddy, rags, waste, and other forms of reworked wool. He speaks of the disastrous results to English flocks resulting from the ingenuity employed in perfecting the use of adulterants by which British manufacturers make good-looking and serviceable-looking woolen goods out of raw material other than wool. Owing to this and other causes the flocks of Great Britain are smaller to-day by over 2,000,000 head than they were thirty years ago. Mr. Monsell states that the wholesale substitution of foreign materials for wool is not restricted to Great Britain, but appears to be universal. In discussing the magnitude of this industry in Great Britain he states that "the practice is more prevalent in Yorkshire than anywhere else in the world," and as proof of this he states that "within a drive of 30 miles from the city of Bradford scores of mills could be pointed out where for every bale of wool used 10 bales and even more of shoddy, rags, old stockings, and other wool substitutes are used, and in what are known as the 'woolen districts' of Yorkshire there are dozens of manufacturers who never buy a single bale of pure raw wool, but are yet known and acknowledged as influential manufacturers of woolen goods."

No such situation as this prevails anywhere in the United States. While I have no census figures as to the quantities of adulterants used in Europe, I have obtained a fair idea of the extent of the use of reworked wool abroad from foreign trained woolen manufacturers now settled in the United States, and who are perfectly competent to form a sound opinion as proportion of shoddy to pure wool used in Europe, where the situation is almost the reverse of that in the United States, for in Europe 30 per cent of pure wool to 70 per cent of adulterants is near the rule, while according to the census of 1900 the proportion

in this country is 75 per cent of pure wool to only 25 per cent of shoddy. The figures are as follows: Sixty-nine million pounds of shoddy to 205,000,000 pounds of pure scoured wool, a total of 274,000,000 pounds, of which 69,000,000 pounds is just about 25 per cent.

The very low purchasing power of the masses of Europe makes it necessary that they should have clothing at the very smallest possible price. The mass of the people there can not afford to wear material made of pure wool. Cotton and shoddy probably compose the so-called "woolen goods" worn by the working classes in Europe, and the working classes by far outnumber all other classes in Europe. It is different in the United States, owing to the high wages which our system of protective tariff enables us to pay, and enables the laboring classes of America to wear more costly fabrics, so that there is not the same necessity for adulteration here that exists in Europe.

Much misapprehension exists to-day as to the quantity of shoddy used by American manufacturers, owing to the exaggerated ideas on the subject which resulted from the enormous imports of shoddy and other forms of reworked wool during the free wool period (Wilson tariff act) but which were checked by the Dingley tariff act, under which the importation of these obnoxious adulterants has almost ceased. This will be seen by the figures and illustration in the chart below. During the free wool period American manufacturers drew heavily upon the rag and shoddy supply of the whole world. Under the Dingley act rags and shoddy are barred, and American manufacturers now have access only to such shoddy as can be made from American rags. The long black lines in the diagram illustrate in mathematical proportion the shoddy and other similar wool adulterants made from rags, cast off partly by the paupers of Europe and brought to this country during the free wool period. This diagram shows the result of tariff revision in 1894, and likewise what may be again expected as a result of the next tariff revision, as now urged by free traders. With three actual experiences with this subject, we now know exactly what the effect of tariff revision will be.

J.—Shoddy v. tariff revision. [Omitted in this print.]

K.

SELLING TO NATIONS FROM WHOM WE DO NOT BUY.

A great many things that appear perfectly certain to a contemplative philosopher turn out in practice to be very uncertain. It has been said many times by theoretical free traders, and by some who like to call themselves protectionists, that "we can not hope to sell to nations from whom we do not buy."

The proposition is that the tariff, by reducing the sales of foreign goods to this country, operates to the exclusion of our products from foreign markets; but anyone who will take the trouble to examine statistics will discover that the theory and the actual conditions are not in harmony, and that the precise truth is that our purchases from foreigners have little or no influence upon our sales to them.

The proof that these operations are independent of one another is shown by an examination of Uncle Sam's balance sheet that during the long series of thirty-eight years of the protective policy we sold an annual average of over \$143,000,000 more than we bought. This takes the years of protective tariff from 1866, when our production was small in comparison to that of the present time, to 1907, omitting only the four years of the Wilson tariff act.

To come down to a comparison of more recent years, the value of our exports over our imports for the ten years 1898 to 1907, all under the Dingley act, was \$4,708,821,754. The annual average excess during this period of exports over imports was \$470,882,195.

Official statistics for ten years of Republican protection prosperity.

Fiscal year.	Excess of revenue over expenditures.	Excess of expenditure over revenue.	Interest-bearing debt of the United States.	Wealth per capita.	Miles of railroad in operation.
1898	(*)	\$38,047,247	\$347,367,470		186,810
1899	(*)	89,111,599	1,046,048,750		190,818
1900	\$79,527,060		1,023,478,860	\$1,164	194,262
1901	77,717,981		987,141,010		198,743
1902	91,237,375		931,070,340		202,938
1903	54,297,667		914,541,410		207,335
1904		*41,770,571	895,137,440	1,310	212,394
1905		*23,004,228	895,158,340		217,341
1906	25,669,322		895,150,140		222,635
1907	84,230,533		818,685,510		228,568

Fiscal year.	Value of domestic exports.	Value of imports.	Wages paid in manufactures.	Product of manufacture.
1898	\$1,210,291,913	\$516,049,654	\$2,328,691,254	\$13,014,287,498
1899	1,203,931,222	697,148,489		
1900	1,370,793,571	849,941,184		
1901	1,460,482,806	823,172,165		
1902	1,355,481,861	903,320,948	2,611,540,532	14,802,147,807
1903	1,892,231,302	1,025,719,237		
1904	1,435,179,017	991,067,371		
1905	1,491,744,641	1,117,513,071		
1906	1,717,953,382	1,223,562,446		
1907	1,855,718,034	1,434,421,425		
Total	14,408,757,749	9,784,935,990		

* Spanish war.

Total excess of exports over imports (ten years) ----- \$4,708,821,759
Average annual excess of exports over imports ----- 470,882,175

Contrast this with the average excess of exports over imports from 1894 to 1897 (Wilson tariff act), which was \$156,596,488. Thus it is shown that under the Dingley tariff act foreigners bought over three and one-half times more from us than they sold to us during the Wilson Act.

It is probable that there has not been a single year for half a century in which Great Britain did not buy from us more than she sold to us, yet Great Britain buys more from us than from any other nation in the world.

Our trade with Canada ought to have come to a full stop long ago, if the free-trade philosophers are right. Ever since we repealed the last reciprocity treaty the balance has been running strongly to our advantage. In ten years our shipments to Canada increased \$75,000,000, in spite of the fact that the Canadian tariff has a 33½ per cent preferential duty against us in favor of Great Britain. The

Canadian government is simply unable to discourage its people from buying from their neighbors, who are living behind the so-called "high-tariff wall."

These are facts from which a free-trade philosopher may learn important things. When this country has something that another country wants and will sell cheaper than all competitors this country will get the business, as the above table will show, whether it buys much or little in return.

There is a final balance due to the nation that has sold more than it has bought, and that balance is paid in gold, which came in very handy during the 1907 panic, and since then, owing to the falling off in revenue, has left us with a handsome balance with which to take care of deficits. We have more than enough gold, because we have a protective tariff behind us, behind which we largely supply our own wants from our own resources, and the balance of trade under such a tariff is always strongly in our favor.

Thus vanishes the theory that "we can not hope to sell to any nation from which we do not buy unless we reduce our tariff."

E J.

Official statistics for fiscal years 1858 to 1893.

DEMOCRATIC ADMINISTRATION (FREE TRADE).

Fiscal year.	Excess of revenue over expenditures.	Excess of expenditure over revenue.	Interest-bearing debt of the United States.	Wealth per capita.	Miles of railroad in operation.
1858.....		\$26,955,461			26,968
1859.....		16,293,878			28,789
1860.....		7,076,998		\$514	30,626

WAR OF THE REBELLION.

1861 to 1865.....		\$2,646,235,026	\$2,221,311,918		165,569
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PERIOD OF REPUBLICAN PROTECTION TO AMERICAN LABOR AND INDUSTRIES.

1866.....		\$801,376	\$2,332,231,208		36,801
1867.....	\$116,117,354		2,248,007,388		39,060
1868.....	6,095,320		2,202,088,728		42,229
1869.....	35,997,668		2,162,060,622		46,844
1870.....	101,302,828		2,046,455,722	\$780	62,922
1871.....	91,270,711		1,984,696,750		69,301
1872.....	91,134,534		1,814,794,100		66,171
1873.....	86,938,348		1,710,483,930		70,298
1874.....		1,297,709	1,738,980,750		72,385
1875.....	9,397,378		1,722,676,300		74,096
1876.....	24,992,961		1,710,683,450		76,806
1877.....	29,934,801		1,711,888,500		79,083
1878.....	20,482,440		1,794,735,650		81,747
1879.....	5,374,253		1,797,643,700		86,566
1880.....	68,678,803		1,723,993,100	850	93,297
1881.....	101,130,653		1,689,567,750		103,108
1882.....	145,543,810		1,469,810,400		114,677
1883.....	132,879,444		1,389,229,150		121,422
1884.....	104,393,625		1,226,563,850		135,345
1885.....	63,493,771		1,196,150,950		129,250
1886.....	93,936,588		1,146,014,100		126,338
1887.....	103,471,097		1,021,692,350		149,214
1888.....	119,012,116		950,622,500		166,114
1889.....	105,033,443		829,833,980		161,278
1890.....	105,344,406		725,313,110	1,098	166,703
1891.....	37,239,762		610,529,120		170,729
1892.....	9,914,453		585,028,830		175,170
1893.....	2,841,674		585,087,100		177,616

Official statistics for fiscal years 1858 to 1893—Continued.

DEMOCRATIC ADMINISTRATION (FREE TRADE).

Fiscal year.	Excess of revenue over expenditures.	Excess of expenditure over revenue.	Interest-bearing debt of the United States.	Wealth per capita.	Miles of railroad in operation.
1894		\$69,803,260	\$685,041,890		179,418
1895		42,806,223	716,202,060		181,115
1896		26,203,245	847,363,890		182,769
1897		18,062,464	847,366,130		184,501

TEN YEARS OF REPUBLICAN PROTECTION PROSPERITY.

1898	Spanish war.	\$38,047,247	\$847,367,470		186,810
1899	do	89,111,559	1,046,048,750		190,818
1900	\$79,527,060		1,023,478,800	\$1,104	194,262
1901	77,717,984		887,141,010		198,743
1902	91,287,375		931,070,340		202,988
1903	84,297,667		914,541,410		207,336
1904		\$41,770,571	895,157,440	1,810	212,304
1905		\$23,004,228	895,158,340		217,341
1906	25,069,322		895,159,140		222,036
1907	84,236,686		838,685,610		228,509
1908		60,000,000			

Total excess of revenue over expenditure, 1896 to 1893 and 1898 to 1907

1,984,765,694

Average excess of revenue over expenditure, 1896 to 1893 and 1898 to 1907

52,231,202

Total excess of expenditures over revenue, 1894 to 1897 (Democratic administration)

155,864,182

Average excess of expenditures over revenue, 1894 to 1897 (Democratic administration)

38,966,045

DEMOCRATIC ADMINISTRATION (FREE TRADE).

Fiscal year.	Value of domestic exports.	Value of imports.	Wages paid in manufactures.	Product of manufacture.
1858	\$251,351,033	\$263,338,654	\$378,878,066	\$1,885,861,676
1860	278,392,060	331,333,341		
1869	316,242,428	363,616,119		

WAR OF THE REBELLION.

1861 to 1865	\$850,991,827	\$1,277,195,807		
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PERIOD OF REPUBLICAN PROTECTION TO AMERICAN LABOR AND INDUSTRIES.

1866	\$337,518,102	\$131,812,006	\$775,584,343	\$4,232,326,442
1867	279,786,800	395,761,086		
1868	269,389,900	357,436,440		
1869	275,166,697	417,506,379		
1870	370,616,473	435,938,408		
1871	428,898,908	520,223,684		
1872	428,487,131	626,565,077		
1873	505,063,430	642,130,210		
1874	569,433,421	567,406,342		
1875	499,284,100	533,005,486		
1876	525,582,247	400,741,190		
1877	589,670,224	451,323,126		
1878	680,709,268	437,051,532		
1879	698,340,790	445,777,775		
1880	823,946,363	667,954,746		
1881	883,025,947	642,061,628	947,963,796	5,869,579,191
1882	733,239,732	724,669,574		
1883	804,223,632	723,180,914		
1884	724,964,862	667,697,693		
1885	726,682,946	577,527,329		
1886	666,964,529	635,436,136		
1887	703,022,923	692,319,768	1,691,228,321	9,372,437,282
1888	688,862,104	728,957,114		
1889	730,282,609	745,131,652		
1890	845,293,828	789,310,409		
1891	872,270,288	841,016,196		
1892	1,015,732,011	827,402,462		
1893	891,030,785	866,400,922		

Official statistics for fiscal years 1858 to 1893—Continued.

DEMOCRATIC ADMINISTRATION (FREE TRADE).

Fiscal year.	Value of domestic exports.	Value of imports.	Wages paid in manufactures.	Product of manufacture.
1894	\$809,204,937	\$654,994,622		
1895	793,392,590	731,969,966		
1896	863,200,487	779,724,674		
1897	1,032,007,608	764,780,412		

TEN YEARS OF REPUBLICAN PROTECTION PROSPERITY.

1898	\$1,210,291,913	\$516,019,654	\$2,323,091,254	\$13,014,287,488
1899	1,208,931,222	697,148,489		
1900	1,370,763,571	849,941,184		
1901	1,460,462,806	823,172,166		
1902	1,355,481,861	903,320,948		
1903	1,392,231,802	1,025,719,237	2,611,540,582	14,802,147,807
1904	1,435,179,017	991,067,371		
1905	1,491,744,641	1,117,513,071		
1906	1,717,963,382	1,226,562,446		
1907	1,856,718,034	1,434,421,425		
Total excess of revenue over expenditure, 1896 to 1898 and 1898 to 1907.	32,001,617,797	26,539,210,294	Total excess of exports over imports, 1896 to 1898 and 1898 to 1907.	
Average excess of revenue over expenditure, 1896 to 1898 and 1898 to 1907.		143,747,566	Average excess of exports over imports, 1896 to 1898 and 1898 to 1907.	
Total excess of expenditures over revenue, 1894 to 1897 (Democratic administration).	3,557,806,626	2,631,419,673	Total excess of exports over imports, 1894 to 1897 (Democratic administration).	
Average excess of expenditures over revenue, 1894 to 1897 (Democratic administration).		*156,596,488	Average excess of exports over imports, 1894 to 1897 (Democratic administration).	
		4,708,821,754	Total excess of exports over imports, 1896 to 1907, under Dingley Act.	
		*470,882,175	Average excess of exports over imports, 1896 to 1907, Dingley Act.	

* The annual average excess of exports over imports during the ten years under the Dingley Act was over three times as great as the annual average under the Wilson Act.

L.

TARIFF PLANKS, 1908.

REPUBLICAN.

The Republican party declares unequivocally for a revision of the tariff by a special session of Congress immediately following the inauguration of the next President, and commends the steps already taken to this end in the work assigned to the appropriate committees of the two Houses, which are now investigating the operation and effect of *existing schedules*.

In all tariff legislation the true principle of protection is best maintained by the imposition of such duties as *will equal the difference between the cost of production at home and abroad,*

DEMOCRATIC.

We welcome the belated promise of tariff reform now offered by the Republican party in tardy recognition of the righteousness of the Democratic position on this question, but the people can not safely intrust the execution of this important work to a party which is so deeply obligated to the highly protected interests as is the Republican party. We call attention to the significant fact that the promised relief is postponed until after the coming election—an election to succeed in which the Republican party must have that same support by the

together with a reasonable profit to American industries, and the benefits that follow are best secured by the establishment of maximum and minimum [minimum and maximum] rates to be administered by the President, under limitations fixed in the law, the maximum to be available to meet discriminations by foreign countries against American goods entering their markets, and the minimum to represent the normal measure of protection at home; the aim and purpose of the Republican policy being not only to preserve, without excessive duties, that security against foreign competition to which American manufacturers, farmers, and producers are entitled, but also to maintain the high standard of living of the wage-earners of this country, who are the most direct beneficiaries of the protective system.

Between the United States and the Philippines we believe in a free interchange of products, with such limitations as to sugar and tobacco as will avoid injury to domestic interests.—Adopted by the Republican National convention at Chicago, June 18, 1908.

beneficiaries of the protective tariff as it has always heretofore received from them, and to the further fact that during the years of uninterrupted power no action whatever has been taken by the Republican Congress to correct the admittedly existing tariff iniquities.

We favor immediate revision of the tariff by the reduction of import duties. Articles entering into competition with trust-controlled products should be placed upon the free list, and material reductions should be made in the tariff upon the necessities of life, especially upon articles competing with such American manufactures as are sold abroad more cheaply than at home, and graduated reductions should be made in such other schedules as may be necessary to restore the tariff to a revenue basis.

Existing duties have given to the manufacturers of paper a shelter behind which they have organized combinations to raise the price of pulp and of paper, thus imposing a tax upon the spread of knowledge.

We demand the immediate repeal of the tariff on wood pulp, print paper, lumber, timber, and logs, and that these articles be placed upon the free list.

N S

THE GERMAN AGREEMENT.

Several years ago Von Buelow, the German chancellor, remarked that "the nullification of the administrative acts of the American tariff would be more useful to German exporters than any reduction in the Dingley schedule could possibly be." Having this in mind, he succeeded in having his ministers persuade President Roosevelt to change the administration of the law of the Dingley Act, which fixed the values for exports to the United States at the wholesale market price in Germany, and to make a treaty which permitted the Germans to undervalue their exports to the United States, thus robbing the Treasury of revenue and also robbing American labor of employment; and the most serious menace to American industries to-day comes from the abrogation of the method of taxation upon such competing imports as are subject to ad valorem duties.

In revising the tariff there are two ways by which this injury to American industries can be averted. The first of these is to make the duties entirely specific. If this is not practicable, the revised tariff should make the basis for ad valorem duties the wholesale market in

the United States. Under these circumstances the Treasury Department could call for witnesses and books to determine the wholesale market value, which is impossible when the foreign price is used as the basis. The chairman of one of the German chambers of commerce in Berlin, one of the largest and most reputable merchants in the whole of Germany, addressed the chamber of commerce made up of representatives of every important manufacturing center in Germany. There was then disclosed a plan for the undervaluation of exports to the United States of the most deliberate and systematic character.

Plainly and without equivocation they set forth a proposition to undervalue German exports to the United States. The chairman stated that—

this country was not dependent for its existence on the collection of duties and can afford to allow the falling off of revenue on German goods for their general good. It is clear that the purpose of the American tariff is to make the entry of competing articles into the United States as difficult as possible. To carry this out the United States Government agents resort to the meanest and smallest measures.

The first of these is the certification of the correctness of invoices by American consular officers stationed in various districts of the Empire.

Investigation by the United States custom officers as to the correctness of these same invoices, which have in America the force and effect that an oath would have in the German Empire.

A reexamination by the agents of the Treasury Department in cases where there is reason to suspect undervaluation.

By high penalties added for undervaluations.

We admit that an actual swindle is incorrect in any business transaction, but undervaluations of German goods for the purpose of entry into American ports should not be treated as such unless fraud is positively proved.

German goods have been exported to the United States and to England as well, we all admit, at lower prices than those in the home market in Germany, and in some cases such low values have been made as would be termed fraudulent.

Information gained under the Dingley tariff regulation concerning cost of production has been thwarted through the prudence of German officials, who have taken care that investigations of this character shall throw little light on the actual value of their consignments to the United States.

In many cases trouble has been avoided by having invoices consulsated remote from districts in which the goods are manufactured. But we must follow up this whole question as to the rights of consular or other American officers to pry into our business for the sole purpose of keeping our merchandise out of the United States, and in this we are assured of the cordial support of the German Imperial Government.

From the standpoint of the Dingley tariff act it is a fraud to undervalue. Market value is defined as the wholesale price at the time of export in the country of export.

Thus you have the motive that inspired the German Government to sell President Roosevelt a "gold brick." He has since extended the German agreement to other nations. I append herewith, marked "Exhibit U," the protest against the commercial agreement with Germany by the Textile Importers' Association of New York, which gives further and detailed evidence of the menace to American labor.

O O.

CONSUMERS' ADVANTAGES RESULTING FROM THE PROTECTIVE FEATURES OF THE DINGLEY ACT.

No better illustration of the advantages to the consumer of protective duties can be found than in the result of the duty upon lemons, oranges, etc., as shown by the development of the lemon, orange, and citrus fruit industry of California. According to the Los Angeles Times, this crop is worth \$20,000,000 annually to the State of California, and the freight, according to the same authority, is equal to the value of the crop. We thus have \$40,000,000, nearly one-half of which goes to the labor employed in growing and picking California fruit; the other \$20,000,000 paid in freight in due time reaches the labor employed upon railroads, beginning with the men who build the tracks, the makers of the cars and rails, the conductors and brakemen, telegraph operators, clerks, and officials.

Some economists declare that every dollar earned by labor circulates at least five times during the year. On this moderate estimate the \$40,000,000 distributed among the producers and the transporters of lemons and oranges, etc., grown in California, multiplied by five, makes \$200,000,000 distributed among consumers of the United States as a result of the 1 cent a pound duty on oranges and lemons and citrus fruits. It takes three or four lemons to weigh a pound, so that the tariff-increased price on each lemon is from one-fourth to one-third of a cent and on oranges probably one-half a cent. This is the cost to the consumer by reason of a protective tariff of the building up and support of an industry that yields \$200,000,000 annually to the labor of the United States.

Now withdraw this sum from the consuming class by the placing of lemons, oranges, etc., on the free list, and follow into the families of the laboring classes the effect of the withdrawal of this vast sum, and realize what it means to the comfort and happiness of the people. This is only one industry, but it is an example of hundreds of others, so that in revising the tariff sight must not be lost of the Chicago platform, which defined more clearly than any platform ever before written the method by which the tariff is to be revised.

The withdrawal of protection carries with it the lowering of the standard of living. The degrading of the standard of living carries with it increase in crime. It may be that this thought was uppermost in the minds of the ministers in Missouri who, on a certain Sabbath (according to the Associated Press) in November, 1908, in their churches, offered up prayer that their legislators in Washington might be brought to see the advantages of revising the Dingley Act on protective lines that would protect the labor of Joplin, Mo., from the low-priced labor of the degraded civilization of their Mexican competitor.

X Y**MINIMUM AND MAXIMUM TARIFF.**

After several years' investigation by a tariff commission of experts, consisting of representatives from manufacturing and other producing industries, Germany adopted a minimum and a maximum tariff. The minimum rates were always protective, and sometimes pro-

hibitive, as in the case of bicycles and parts thereof, the minimum rate on which was increased 300 per cent and the maximum rate 525 per cent. (See Exhibit V.) On high-grade boots and shoes (probably owing to American competition) the minimum rate was increased 38 per cent and the maximum rate 177 per cent. The German nation is the most highly protected in the world. Ex-Secretary Shaw has called attention to the moderation of the Dingley tariff act in comparison with the new German tariff. In making our minimum and maximum rates the minimum rate, like the German minimum rate, should always be protective against the lowest-price competition of the world. The maximum rates, like the German rates, should be put on with a view to their being taken off when they have forced American products into foreign markets at the minimum rates.

England, the only free-trade country left, is now preparing to formulate a protective tariff that will prevent London from being, as it is at present, the dumping ground of Germany and other nations of the world, who sell their surplus, often at a loss, below the home price.

D A.—Estimated time required to increase domestic wool production to the 650,000,000 pounds annually consumed by the American people. [Omitted in this print.]

W.

WOOL PRODUCT OF THE UNITED STATES, 1907.

States and Territories.	Quality.	No. of sheep of shearing age, Apr. 1, 1907.	Average weight of fleeces, 1907.	Wool washed and unwashed, 1907.	Per cent of shrinkage, 1907.	Wool scoured, 1907.	Average value per scoured pound, Oct. 1, 1907.	Total value, 1907.
			Lbs.	Pounds.		Pounds.	Ots.	
Maine.....	Medium.....	225,000	6.00	1,350,000	40.0	810,000	56.0	\$453,600
New Hampshire.....	25 per cent fine, 75 per cent medium.	70,000	6.20	434,000	50.0	217,000	55.0	119,350
Vermont.....	20 per cent fine, 80 per cent medium.	175,000	6.00	1,050,000	50.0	525,000	55.0	288,750
Massachusetts.....	Medium.....	30,000	5.80	174,000	42.0	100,920	53.0	56,515
Rhode Island.....	do.....	7,000	5.00	35,000	42.0	20,300	56.0	11,368
Connecticut.....	do.....	30,000	5.00	150,000	42.0	87,000	57.0	49,590
New York.....	33 per cent fine, 67 per cent medium.	830,000	6.00	4,800,000	50.0	2,400,000	58.0	1,392,000
New Jersey.....	Medium.....	40,000	5.50	220,000	50.0	110,000	58.0	63,800
Pennsylvania.....	25 per cent fine, 75 per cent medium.	900,000	6.00	5,400,000	50.0	2,700,000	61.0	1,647,000
Delaware.....	Medium.....	7,000	6.00	42,000	45.0	23,100	55.0	12,705
Maryland.....	do.....	100,000	5.50	550,000	45.0	302,500	55.0	166,375
West Virginia.....	75 per cent fine, 25 per cent medium.	500,000	5.50	2,750,000	48.0	1,430,000	57.0	815,100
Kentucky.....	Medium.....	500,000	4.75	2,802,500	39.0	1,709,525	58.0	991,525
Ohio.....	45 per cent fine, 55 per cent medium.	1,950,000	6.25	12,187,500	50.0	6,098,750	61.0	3,717,188
Michigan.....	15 per cent fine, 85 per cent medium.	1,500,000	6.30	9,450,000	51.0	4,680,500	59.0	2,731,995
Indiana.....	do.....	800,000	6.50	5,200,000	45.0	2,880,000	56.0	1,601,600

Wool product of the United States, 1907—Continued.

States and Territories.	Quality.	No. of sheep of shearing age, Apr. 1, 1907.	Average weight of fleece, 1907.	Wool washed and unwashed, 1907.	Per cent of shrink- age, 1907.	Wool scoured, 1907.	Average value per scoured pound, Oct. 1, 1907.	Total value, 1907.
			Lbs.	Pounds.		Pounds.	Cts.	
Illinois.....	25 per cent fine, 75 per cent medium.	750,000	6.50	4,875,000	49.0	2,483,250	54.0	1,342,575
Wisconsin.....	20 per cent fine, 80 per cent medium.	840,000	6.75	5,670,000	48.0	2,948,400	58.0	1,710,072
Minnesota.....	do.	366,000	7.00	2,562,000	52.0	1,229,760	52.0	639,475
Iowa.....	30 per cent fine, 70 per cent medium.	500,000	6.50	3,250,000	50.0	1,625,000	55.0	893,750
Missouri.....	15 per cent fine, 85 per cent medium.	780,000	6.50	5,070,000	48.0	2,636,400	55.0	1,450,020
		10,930,000	6.21	68,022,000	48.6	34,915,405	-----	20,154,353
Virginia.....	Medium.....	350,000	4.75	1,632,500	38.0	1,030,750	57.0	587,528
North Carolina.....	do.	205,000	4.25	871,250	42.0	505,325	54.0	272,876
South Carolina.....	do.	50,000	4.00	200,000	42.0	118,000	51.0	62,640
Georgia.....	do.	250,000	3.80	950,000	40.0	570,000	51.0	307,800
Florida.....	do.	100,000	3.00	300,000	40.0	180,000	54.0	97,200
Alabama.....	do.	175,000	3.25	528,750	40.0	341,250	53.0	180,833
Mississippi.....	do.	105,000	4.00	660,000	42.0	382,800	53.0	202,894
Louisiana.....	do.	130,000	3.70	5,200,000	42.0	343,300	53.0	181,081
Arkansas.....	do.	225,000	4.25	953,250	41.0	564,188	52.0	293,378
Tennessee.....	do.	270,000	4.25	1,147,500	40.0	668,500	57.0	381,045
Total.....		1,950,000	4.03	7,008,250	40.5	4,702,173	-----	2,568,105
Kansas.....	Fine, fine medi- um, and me- dium.	130,000	7.00	1,120,000	65.0	392,000	65.0	254,800
Nebraska.....	do.	225,000	7.00	1,575,000	65.0	551,250	65.0	358,313
South Dakota.....	do.	600,000	6.50	3,900,000	63.0	1,443,000	67.0	933,810
North Dakota.....	do.	325,000	6.50	2,112,500	60.0	815,000	67.0	533,150
Montana.....	do.	4,600,000	6.70	30,820,000	63.0	11,403,400	67.0	7,640,278
Wyoming.....	do.	4,481,031	7.50	33,637,000	68.0	10,763,840	67.0	7,211,778
Idaho.....	do.	2,500,000	7.00	17,250,000	67.0	5,692,500	69.0	3,777,050
Washington.....	do.	575,000	9.00	4,600,000	68.0	1,472,000	65.0	959,800
Oregon.....	do.	1,800,000	8.50	15,300,000	70.0	4,500,000	68.0	3,121,200
California.....	33 per cent fall, 67 per cent spring.	1,750,000	7.25	12,687,500	67.0	4,146,875	64.0	2,679,000
Nevada.....	Fine, fine medi- um, and me- dium.	750,000	8.00	6,000,000	69.0	1,830,000	68.0	1,204,800
Utah.....	do.	2,075,000	6.70	13,902,500	65.0	4,855,875	65.0	3,162,819
Colorado.....	do.	1,500,000	6.75	10,125,000	67.0	3,341,250	63.0	2,679,000
Arizona.....	do.	650,000	6.50	4,225,000	65.0	1,478,750	65.0	911,188
New Mexico.....	do.	2,000,000	5.50	14,300,000	62.0	5,434,000	60.0	3,240,400
Texas.....	25 per cent fall, 75 per cent spring.	1,300,000	6.50	8,450,000	68.0	2,873,000	66.0	1,896,180
Oklahoma and Indian Terri- tory.	Fine, fine medi- um, and me- dium.	60,000	6.00	360,000	67.0	118,800	61.0	72,468
Total.....		25,051,931	6.06	180,384,500	66.0	61,311,540	-----	40,235,617
Totals.....		*38,864,931	6.60	253,294,750	60.6	*100,959,118	62.3	62,958,185
Pulled wool.....				42,000,000	30.0	29,400,000	50.2	15,307,000
Total product, 1 1907.....				298,294,750		130,359,118		78,263,185

*Average weight of scoured wool per fleece, 2.6 pounds.

E I.—(This chart omitted in this print.)

M.

PURCHASING POWER OF ONE HOUR'S WAGES IN 1907 6.8 PER CENT GREATER THAN THE AVERAGE OF THE TEN-YEAR PERIOD 1890 TO 1899. THE AVERAGE RATE PER HOUR IN 1907 WAS 28.8 PER CENT HIGHER THAN THE AVERAGE OF THE TEN-YEAR PERIOD 1890 TO 1899, WHICH INCLUDED THE FOUR YEARS OF THE WILSON ACT.

[The Evening Post, New York.]

WOOL AND TARIFF—A MANUFACTURER DECLARES THAT THE YEAR OF SMALLEST WOOL CONSUMPTION AND THE YEAR OF LARGEST IMPORTATIONS WERE UNDER THE WILSON ACT.

TO THE EDITOR OF THE EVENING POST.

SIR: Misstatements of facts are made by Mr. Nelson Lyon in his letter of October 14 eulogizing the Wilson tariff act. Mr. Lyon states that "the woolen industry never used so much wool before, nor in any four years since, as was used during the four years of the Wilson tariff act."

The actual facts are exactly contrary to this statement. Mr. Lyon confuses the quantity of free wool imported with the quantity consumed. In point of fact the year of smallest wool consumption and the year of largest importations were under the Wilson Act. For instance, the year of smallest wool consumption during the life of either the McKinley Act, the Wilson Act, or the Dingley Act was in 1896, under the Wilson Act, when wool consumption reached only 250,000,000 pounds of raw wool. This was less than the American production of that year.

The reason for this was that under the Wilson Act enormous importations were made of foreign manufactures of wool, while our mills were idle. These manufactures of wool ought all to have been made in the United States by American labor, but instead they were made by cheap foreign labor, which was paid at the rate of less than 35 cents in Germany and 50 cents in England for service that under the McKinley Act and under the Dingley Act cost \$1 in the United States.

Some idle mill operators were selling newspapers or polishing boots to support themselves while these goods were coming from abroad. This shows how the removal of protection to American labor affects the comfort and happiness of the American laboring man. But to return to the question of "wool consumption." During the eight years of the Dingley Act, from 1897 to 1904, the consumption of wool averaged annually 500,750,000 pounds, a strong contrast with the 250,000,000 pounds which was all that was consumed in 1896 under the Wilson tariff act.

This large wool consumption under the first eight years of the Dingley Act was in spite of the handicap of enormous quantities of imported woollens brought here under the Wilson tariff act, which paid duties that were less than half of the difference between the labor cost of domestic and these imported goods.

There never was any year before or since the passage of the Wilson Act when there was so much wool imported as during the dying

moments of the free-wool Wilson Act. Wool for which there was no immediate use was then imported in anticipation of the higher prices that would be a sure result of the imposition of the Dingley duties.

This free wool was conspicuously present during the first five years of the Dingley tariff act, and some of it was still in existence in 1894, and it was probably owing to this unused free wool that the price-lifting effect of the tariff was nil, as for a brief period in that year the largest grade of American wool was selling in the United States down almost to a free-trade basis.

On the 31st of December, 1897, the total supply of unused wool in the United States reached the enormous figure of 1,254,484,726 pounds. This large accumulation of wool was the result of the excessive importations of free wool added to the American production plus about 400,000,000 pounds of unused wool carried forward from the period of the Wilson tariff act, when manufactures of wool were coming in from foreign factories, while our own factories were idle.

Our importations of wool in 1898, the first year after the passage of the Dingley Act, were less than 100,000,000 pounds. This small quantity of imported wool was because of the unprecedented importations of the previous year of 1897, when 356,000,000 pounds were imported, nearly all of which was free wool.

There never has been in the history of woollen manufacturing in the United States such a large annual wool consumption as has taken place during the eleven years of the Dingley Act, notwithstanding the fact that during the twelve months following the 1907 panic wool consumption here fell off below the average of the previous several years.

Another statement which Mr. Lyon makes, which can not be supported by facts, is that the laboring classes have not been able, under the Dingley Act, to buy as much woollen clothing as before, and have been compelled to resort to cotton. The truth is that the American people never wore so much clothing made of pure wool and containing so little shoddy as during the period of the Dingley Act, which imposed a prohibitive duty on shoddy, whereas under the last year of the Wilson Act the imports of shoddy were greater than all of the shoddy imported during all the years of both the McKinley and the Dingley acts.

Messrs. Edward T. Steel & Co., who for many years ran a woollen mill in England, and at the same time had mills in the United States, declared that in no part of the civilized world are working people of moderate means clothed so well or so economically as in the United States. "The fact is," says Mr. Steel, "the clothing worn by the people of similar conditions abroad would be scorned by our citizens; both as to quality and its badly manufactured character, and, so far as the use of shoddy is concerned, England is the largest user in the world." (See letter of Edward T. Steel & Co. to the Daily Trade Record, of New York, dated September 3.)

We had a trial of tariff reduction under the Wilson tariff act. Wool was free of duty, but an ad valorem duty of 50 per cent was imposed on imported manufactures of wool. Our mills were closed and labor was idle, because one-third of the 50 per cent ad valorem duty was avoided by undervaluation.

Mr. Steel, before the United States Industrial Commission, stated that he employed the same labor on the same machinery in England as in the United States, and that the same labor in the United States, doing the same work as in England, accomplished no more here than they did there, although wages in the United States were much more than double those paid for the same service in England.

He further stated that nearly the whole of the benefits of a protective tariff go to labor. Nobody was better qualified to give an opinion, because he was talking about his own business of woollen manufacturing, in which he had been engaged both in England and in the United States.

Mr. Lyon urges that the tariff be revised downward in the interest of the laboring classes, which would mean that no mill could be run in the United States, where wages are two or three times those paid for similar services abroad, unless there is enough protection to cover the difference in wages between the American scale and the lowest competing foreign scale, except American wages are reduced to the foreign scale, so that when Mr. Lyon urges labor to vote for tariff reduction it is a case of "Walk into my parlor, said the spider to the fly."

We refer to the July report of the Bureau of Labor, which states that the food-purchasing power of one hour's wages in 1907 under the Dingley Act was 6.8 per cent greater than the average of the ten-year period from 1890 to 1899. The average rate per hour in 1907 under the Dingley Act was 28.8 per cent higher than during the average of the ten-year period from 1890 to 1899, which included the four years' experiment of the Wilson tariff act, which period Samuel Gompers (before he had capitalized his influence with labor unions), stated "would ever remain in his memory as the worst period that labor had ever suffered, and he could not efface from his memory the long lines of gaunt men and women waiting at the soup houses."

The tariff plank in the Republican platform was written in the interest of labor. It clearly defines that if tariff revision is to take place, it must be for a reduction only of such duties as upon investigation are found to be higher than the difference between the labor cost of production here and the cheapest competing foreign labor, and where schedules are found to be carrying rates of duty that fail to cover such difference in wages, such schedules are to be increased so that the American standard of living for labor in this country, which is better and more comfortable than that of the middle classes of Europe, shall not be degraded. For when you impoverish labor, you lower the standard of living, and instead of each American mechanic having a house to himself in which to raise his family, he will have only one or two rooms, samples of which can be found in free-trade countries. These are conditions which increase crime, so that the principle of protection to American labor has a moral uplifting force that is one of its strongest recommendations.

THEODORE JUSTICE.

PHILADELPHIA, *October 21.*

N.

DANGERS OF TARIFF REVISION—ITS EVILS VIVIDLY FORESHADOWED BY THE LIGHT FURNISHED BY PAST EXPERIENCES.

[By Theodore Justice.]

During the past two years those of us who have had previous experience with disastrous tariff revision confess to some uneasiness at the present widespread agitation of the subject, which causes increased anxiety at the present time. This subject of the tariff is illustrated by Æsop's fable of the dog who held a bone in his mouth, and, seeing it reflected in the pool, dropped the bone and grasped at the shadow, and "in grasping at the shadow lost the substance." So it may be with those who are agitating the subject of tariff revision; they are grasping at the shadow and will surely lose the substance.

Let us, then, review the substance which is likely to be lost—"the present tariff benefits." In the first place we find that during the decade that the Dingley tariff act has been in existence we have sold commodities to foreign nations far beyond our purchases of them, and this has created a balance of trade of about \$5,000,000,000, averaging annually more than \$500,000,000 on commodities alone. Letters of credit, foreign exchange, and other matters which enter into foreign trade balances are not matters of record and are unknown quantities, but trade in commodities is a record of the tariff. A very important part of the substance therefore is this great balance of trade in our favor, which in this time of panic has been a source of great protection to the nation. Because of this balance of trade we have been enabled to draw gold from abroad in a perilous emergency. Over \$100,000,000 in gold has already been received or is now in transit, and this has gone a long way toward relieving an acute and alarming situation.

Then, too, the tariff has piled up a handsome cash Treasury surplus of several hundred million dollars, a large portion of which has been deposited in the banks for the use of our people during this period of stringency. This again has aided greatly in alleviating the financial distress.

The relief would have been impossible if the beneficent Dingley tariff act had not been so wisely constructed.

IMPORTANCE OF THE TRADE BALANCE.

Wall street to-day puts in the place of first importance the balance of trade in our favor. The favorable trade balance, payable only in gold, not only protects our local gold supply, but also brings foreign gold here in a lengthening stream. But how few in Wall street know that the Dingley tariff act is the one thing mostly responsible for that balance of trade, which in this emergency has been of such inestimable service to us.

Imagine our position in this stringency if we had been under the Wilson tariff act, which created a treasury deficit. The theory of that act was that it would increase imports so enormously that it

would expand the revenue; but in reality it increased imports to such an extent as to close our mills. The result was a deficit, and in time of peace Grover Cleveland had to issue over \$260,000,000 of government bonds to meet the expenses of the Government! Contrast this with the present handsome treasury balance which the Dingley Act has brought to us, and which is to be used later on for the necessities of the Government, such as the building up of the navy, the expenses of the army, the Panama Canal, irrigation of arid lands, and other public improvements.

If the Dingley tariff act had not made the financial position of the United States so strong, in the manner heretofore outlined, the present panic, instead of being a passing storm from which I believe recovery will be rapid, in my humble judgment would have been a panic which in widespread disaster would have been worse than any this country has ever known. This is because there never before has been a time when industrial activity and the confidence born of this activity have expanded industrial enterprises to such an extent as at the present time. Credit has been greatly inflated, and business is conducted on tokens of credit, such as bank checks and drafts, so that when credit vanishes, as it has recently, nothing is left in the way of suitable machinery for the conduct of business except actual money, the supply of which under our present system is wholly inadequate for our wants. Business has outgrown the financial facilities for conducting it.

More of the substance of the Dingley tariff act is shown when we find that the production of manufactures in the past year has reached the enormous total of fifteen billion dollars, all of which but about 7 per cent is consumed in our own home market, the greatest in the world. If we had to export our manufactures, we would not only have to compete with goods made by cheaper foreign labor, but would have to deduct something from the home price to cover foreign profits and transportation. Only 7 per cent of these fifteen billion dollars' worth of manufactures is exported to the poorer markets of the world, despite the notorious fact that every nation, without a single exception, has a home price and an export price, and the latter is lower than the home price. This is illustrated in the case of steel rails.

Comparison of present f. o. b. mill prices with domestic and export prices in principal producing countries on steel rails.

	Home price.	Export price.	Difference.
			<i>Per cent.</i>
Great Britain.....	\$31.00	\$25.00	20.97
Germany.....	30.00	24.00	20.00
France.....	31.00	25.50	18.00
Austria-Hungary.....	31.00	25.50	18.00
Belgium.....	30.00	24.00	20.00
United States.....	28.00	25.00 to 26.00	7.88

PROTECTION'S BENEFITS GO TO LABOR.

Another one of the features of the substance of the Dingley tariff act is the revelation to us of the advantage which very few free trad-

ers ever expected—that is, the elevation of the standard of living, an ever present and eloquent evidence of the benefits of the Dingley tariff act. Hon. Seth Low, in an address before the Academy of Political and Social Science, stated “that he had grown up on the theory of free trade,” but that he must admit that the undeniable effect of a protective tariff was to elevate the standard of living. The laboring classes in the United States enjoy a degree of comfort that is not within the reach of the so-called middle classes in Europe. This means a great deal, for it proves, what all now admit, that nearly the whole of the benefits of protection go to labor. The evidence of this is shown in this higher standard of living, which makes the home market take 93 per cent of our products. It is claimed by would-be tariff revisers that the cost of living under a protective tariff absorbs all the advantages of a higher wage scale, but this is not true, and the facts are quite to the contrary. This is shown by a comparison of the deposits in the savings banks, which represent the accumulations of labor. In 1897 the deposits were \$1,983,000,000, and by July, 1907, they had increased to \$3,495,000,000, an increase of \$1,512,000,000, or 76 per cent.

SAMUEL GOMPERS WILL OBSERVE THIS FACT.

The Dingley tariff act has been belied as a high Chinese wall, but ten years of its life have disproved the charge, for during that time imports of commodities have increased 87 per cent. It was said that we never could sell to foreign nations unless we bought from them, but sales to foreign nations during the life of the Dingley Act have increased 80 per cent, and under it we have piled up a balance of trade in our favor, which since 1897, as previously stated, has averaged over \$500,000,000 a year, and has aggregated during that period about \$5,000,000,000. Just think of \$5,000,000,000 more commodities sold to foreigners than we have bought of them in only ten years! Don't forget this when you think of tariff revision.

UNREASONING UNREST.

The question that we are called on now to struggle with is “un-reasoning unrest” on the part of some of the people, and, I regret to have to say, even coming at times from those who are the greatest tariff beneficiaries. Unfortunately, when tariff revision comes during periods of great prosperity we feel so rich that we believe we can shave down the tariff liberally and throw away its advantages. This unrest was the sole cause of the overthrow of the McKinley tariff during Harrison's administration, when, as now, we had prosperity that was the wonder of the world, and culminated in the passage of the disastrous Wilson Act. During the life of that act we had a painful object lesson, which resulted after four years in the restoration of the best features of the McKinley Act in 1897, for the Dingley Act is practically the McKinley Act perfected. The result since then has been that we have had a decade of such prosperity as the world has never known; such prosperity as has excited the envy of foreign nations, some of whom have followed our tariff example. It is a fact that every important nation of Europe, with one exception, has taken a page from our history of political economy, and has passed pro-

tective tariff laws. But these foreign laws are not like our own, which was constructed with a view to raising revenue, with such incidental protection as was possible in this system. The foreign nations, Austria-Hungary, Russia, France, and Germany, have adopted a system of tariff the minimum of which is absolutely protective. That of Germany, for instance, is for protection, with incidental revenue, and in many cases the duties are prohibitive, the object being to secure to Germans their home market. In this they have gone much further than we have, for in many features their tariffs are actually Chinese walls, which ours is not, for we find that during the life of the Dingley Act our exports, as I have already said, have increased 80 per cent, while during the same time our imports have increased 87 per cent. Imports have been increasing rather more rapidly than the exports, showing, as previously stated, that the Dingley Act is not a high Chinese wall, otherwise the \$1,300,000,000 of imports during the past fiscal year could not have come in over the top of it.

A GOOD THING—HOLD ON TO IT.

The American people in the Dingley Act have a good thing, and they should hold on to it in spite of the feeding of ignorance by the agitators for tariff reduction.

If you analyze the arguments of the tariff revisionists, you will find that they are based on individual selfishness, and are not based on the public good. Each party desiring tariff revision downward hopes for the purchase of some particular commodities he desires to buy at lower prices, regardless of the injury that will be inflicted on his neighbors who produce such articles.

Speaker Cannon is the clearing house, you might call it, of all the demands for tariff revision. The first to apply to him for revision was a dairy farmer, who wanted the tariff revised in order that the wages of the labor he employs may be reduced. He claimed that the industrial establishments are so prosperous that they draw labor away from the farms, greatly to this particular farmer's inconvenience. A little touch of hard time, he said, would help him. When asked if he does not know that tariff revision downward would close the mills and factories and make hard times, he admitted that that was wherein he expected his advantage. He believed that as long as people live they will want his milk, and that he will be able to sell his milk just the same, and at the same time will be able to hire cheaper labor. Asked if there were any other features of tariff revision that he would like, he stated that a little business depression would be a good thing in many ways, as it would lower the cost of feed for cows. He was sure he would be protected against this falling price of milk by the necessity of people to buy his milk, and that he thus could obtain as high prices for his product during depression as he does now. This was an actual statement by a young farmer who was at school when the Wilson tariff act was in force, and his reasons for tariff revision are fair illustrations of what is wanted by most of those who advise tariff revision.

Even Samuel Gompers, whose salary has just been raised, president of the American Federation of Labor, I am informed, feels that the cost of living has gone so high that tariff revision would lessen this

item of the workingman's expenses, while through the influence of the labor unions the prevailing wage scale could be maintained. The effect of organization, in his opinion, would be sufficient to keep up wages while increasing their purchasing power. As it is universally admitted that nearly the whole of the benefits of the tariff go to labor, it is surprising that you find the labor unions indifferent to the threat of tariff revision, and the explanation may be in the alleged views of Mr. Gompers.

THE CLAMOR FOR FREE HIDES.

But the most astonishing of all the demands that come to us for tariff revision is that which comes from the one industry which has profited most by it. I allude to the boot and shoe industry, and quote from the figures of the statistics of manufactures of Massachusetts taken from the United States census of 1905, which Mr. William Whitman has ably used in a pamphlet on the subject of tariff revision, which is simply unanswerable. There is no industry among the ten largest in that State that has increased its wages to its operatives to the extent of the boot and shoe industry.

During the years between 1900 and 1905, under the Dingley Act, the increase paid in wages in this industry was nearly five and one-half million dollars, an increase of about 20 per cent.

The value of the boot and shoe products during these five years was greater than that of any other industry in Massachusetts, and in spite of the duty increased its production over \$27,000,000 between 1900 and 1905, an increase of 22 per cent.

We also find that the imports of hides were not impeded by the Dingley Act, but have increased under it, being 38 per cent greater in 1905 than in 1896, before the Dingley Act was passed.

The Dingley Act has not prevented the export of sole leather, for this has increased from 38,384,314 pounds in 1897, before the act was passed, to 44,107,054 pounds in 1905, an increase of 15 per cent.

Boot and shoe exports in 1896, before the Dingley Act was passed, were 1,141,033 pairs, but by 1905, under the Dingley Act, they had increased to 5,672,221 pairs, an increase of 400 per cent. In the United Kingdom during the same period the increase was only 20 per cent.

The value of the boot and shoe product of Massachusetts was \$122,135,081 in 1895, and had reached \$144,294,145 in 1905, an increase of 18 per cent. This is some more of the substance of the Dingley Act.

Now, it is a curious fact that notwithstanding that 15 per cent duty imposed upon the 25 per cent of such imported hides and skins as enter into the manufacture of boots and shoes, which is so bitterly complained of by Massachusetts, the increase in the average value per pair between 1896 and 1904, which was entirely owing to the 25 per cent increase in the outside price of leather, was only 17 cents per pair. To have kept abreast of the foreign price of free leather 35 cents per pair should have been the increased cost. This has occurred when there has been an enormous increase in the wages paid in the United States to boot and shoe labor.

When we consider that our exports of leather and manufactures of leather amount to more than three times the duty upon hides and skins imported, it is difficult to understand why boot and shoe makers would desire to rip up the tariff with all its harm to the whole country for the small amount of 15 per cent duty collected upon the hides and skins entering into the manufacture of shoes.

WHAT IS TO BE GAINED?

Answer. A reduction in the price of shoes of from 2 cents to 5 cents per pair, to offset the sure injury to the whole nation. For this much gain, we must say for the boot and shoe manufacturers and those who advocate their cause, it is a magnificent conception.

Can you imagine the industry-destroying scope of a revised tariff law the only inspiration for which comes from such unspeakably selfish tariff revisers as those whom I have just described?

Such a revision of the Dingley Act, it is safe to predict, will do even more harm to the whole American people than the injury that was inflicted upon them by the Wilson tariff act. Measured by pecuniary losses, the cost to the nation of that act, which was a revision of the McKinley law, was greater than the whole cost of the civil war.

Unless you are alert to head off the growth and spread of this vicious demand for tariff revision, which has no other recommendation than that of cheapness, the consequences are sure to be followed by stupendous opportunities for evil.

As Senator Penrose has explained, the leading politicians of the country who will write the next Republican platform are in a receptive mood; they have their ears to the ground, as it were, and their action will be the reflection of the sentiment of the people as they understand it. Free expressions of what you thoroughly believe as to the harm that will befall the repeal of the Dingley tariff act will play a big part in determining legislative enactment.

With these views before us of those who wish to revise the tariff, can we wonder at Speaker Cannon's hesitation to open the subject, for if the demands of all the tariff revisers were listened to we would have such confusion in our tariff law as would paralyze the industries of the country as never before.

CONSEQUENCES OF TARIFF TINKERING.

• Congress has been described as a sounding board, a cave that echoes, and assembly of graphophones repeating what is talked into them by their constituents. They are amenable to public opinion, and if those who now want the tariff revised were all to be listened to we would have such a jumble as would be impossible to describe. The ruinous worsted clause of the law of 1883 would be nothing to the possibilities of error. The result of tariff revision in 1883 and 1894 showed you what to expect next time.

The imagination is hardly capable of taking in the scope of the disaster that may result to the American people. You manufacturers of wool of all industrious classes should fight to death every suggestion of tariff revision. You do not need to be told what its consequences will be. You already know by experience.

Fortunately, members of Congress are amenable to public opinion, and that is the reason why you can not expect representatives of districts whose interests are attacked to look with favor on any proposal that exposes our present prosperity to risk the renewal of such business disturbance as now prevail, simply as the result of financial fright. We have now the best tariff law we have ever had, and none of us will ever see anything better. It should not be opened for revision to the extent of crossing a "t" or dotting an "i," for it will get away from its friends in some features, as did the Dingley Act, for Governor Dingley was powerless to prevent the ridiculous duty upon ancient art from finding a place in his bill.

In view of this, what weight would the recommendations of a tariff commission have with Congressmen? A tariff commission is recommended by the American Reciprocal Tariff League, whose name is a close counterfeit of the American Protective Tariff League, which should have your generous financial support, as it is always fighting out on the skirmish line of your best defenders' army. The work of the latter is to build up American industries; the effect of the work of the American Reciprocal Tariff League is tending to break them down. Beware of their recommendations for a tariff commission, as you know how of old the world was advised to beware of gift-bearing Greeks.

In view of what he knows of the selfish nature of those who want the tariff immediately revised, is it any wonder that Speaker Cannon should be impressed at this time with the danger of ripping up the tariff, and that in his recent speech at the opening of the Sixtieth Congress he should have advised that:

Tinkering with the tariff is an abomination, because I believe it must inevitably disturb business conditions all over the country, and that it is better to suffer some disadvantages from certain schedules that may now be too high, or too low, rather than bring on the general disturbance, which, I believe, would accompany wholesale tariff legislation.

O.

**LABOR COST OF GROWING WOOL AND MANUFACTURING WOOL
REQUIRED BY THE COMPOUND DUTIES OF SCHEDULE K, THE
PROTECTIVE BENEFITS OF WHICH NEARLY ALL GO TO LABOR.**

[From the American Economist, November 6, 1908.]

REPLY BY THEODORE JUSTICE.

The comment of Mr. Theodore Justice, of Philadelphia, convicts Mr. Miles of a degree of ignorance that should disqualify any and all views he might entertain on the subject of adequate tariff protection. Mr. Justice writes:

PHILADELPHIA, October 23, 1908.

In reply to yours of the 21st instant I would say that H. E. Miles has been denounced by one of the most active members of the National Association of Manufacturers as a man of free-trade tendencies, who disbelieves in protection that will protect. He calls himself a protectionist, but he is of the kind that believes in protection that does not protect.

Mr. Miles misrepresents the men who framed the Dingley Act when he says that "members of the Ways and Means Committee could conceive of no underlying principle for measuring rates of duty upon imports on lines that will protect." He may have described some Democrats on that committee when he said: "If anyone down in my district wants anything, I get it for him, and I get all I can, and that is all there is to it." This latter is the way in which the Wilson Act was constructed. It was owing to this that Grover Cleveland refused to sign the bill and denounced it as perfidious. There was never any more conscientious consideration of schedules than that given by the Republican members of Mr. Dingley's committee, who always asked experts for their opinion as to how much duty was to be imposed on competing articles to protect the American producer so that he would not lose his job through excessive importations at prices that would undersell American labor and open the home market to foreigners who possessed advantages in the way of cheaper labor and cheaper material.

If Mr. Miles has in mind the present Committee on Ways and Means, which he denounces as incompetent, there is all the more reason why there should be no tariff revision by that committee. But, to return to the Dingley Act for evidence that Mr. Dingley and the majority of his committee desired to construct the present tariff act on lines that would protect American labor, I have only to refer to the printed testimony given by myself before the Ways and Means Committee in January, 1897, relating to Schedule K, wool and woollens.

It will be remembered that we had several years' experience with free wool, and with an ad valorem duty of 50 per cent on manufactures of wool, one-third of which was avoided by undervaluation. The result was that the wool-growing industry was being rapidly annihilated. The mills were closed, and there was no market for wool nor employment for men who manufactured wool. Free wool poured into the country in anticipation of the restoration of wool duties, so that the largest importation took place in the last year of the Wilson Act of free wool that ever occurred in the history of the country at a time when the mills were idle and there was no immediate use for it here. The same thing occurred with regard to manufactures of wool, which were coming here from England, where the scale of wages was less than half of the American scale, and from Germany, where the scale of wages was only one-third of the American scale. In constructing his bill Mr. Dingley sought information as to how much duty should be imposed on imported manufactures of wool that would cover the difference in wages, 100 per cent higher in the United States than in England and 200 per cent higher in the United States than in Germany, and the duties were imposed upon manufactures of wool first to the extent of four times the duty upon 1 pound of unwashed wool, for it took on the average 4 pounds of unwashed wool, similar to the maximum grade of American unwashed wool, to make 1 pound of cloth.

This was not protection to the manufacturer; this was simply protection to the woolgrower; and the nation recorded its approval of the question of the duty upon American wool when it elected President McKinley. Now, to begin with, Mr. Dingley took the duty which the manufacturer had to pay upon wool as the first item to be considered, which was of no sort of protection to the manufacturer; it was wholly protection to the woolgrower, and it was to compensate the American manufacturer for the duty which he paid upon imported wool. This having been settled, Mr. Dingley then took up the question of the protection to the labor employed by the American woolen manufacturer, and with wages here three times as high as in Germany he imposed sufficient duties upon imported manufactures of wool to cover the difference in wages between the American scale and the lowest competing European scale, which is Germany, which, as previously stated, paid 33 cents for service which in the United States cost \$1.

Now, this was the practice of the Dingley committee when they constructed the present tariff act. Wages at that time were low, because the home market, by the Wilson Act, had been given to foreigners by reason of inadequate protection. By reason of the activity in the woolen manufacturing industry under the Dingley Act, wages have increased over 20 per cent, so that what was adequate protection to American labor in 1897 is inadequate protection in 1908, and in proof of this look at the large volume of imports of manufactures of wool which have been coming in at the Dingley duties; goods every pound of which should be made in America by American labor. Schedule K of the Dingley Act is not a "great, high Chinese wall" or a prohibitive tariff; otherwise the enormous quantities of imported woollens could

not come over the top of it. The woollens that are imported are high-priced woollens, which are luxuries and are worn only by the wealthy classes, and do not in any way affect the price of clothing to the laboring classes, which is cheaper and contains more pure wool and less shoddy than any clothing worn by labor in any other part of the world.

Recently the French Government sent a commission into the United States to investigate the question of clothing manufacturing, where they found suits of clothing of three pieces, made of pure American wool, for \$12 and \$15 a suit, that were better made and better tailored than any ready-made clothing in any other part of the world.

Messrs. Edward T. Steel & Co., who at the same time had woolen mills in England and in the United States, have recently declared that the clothes worn by the laboring classes in Europe are so poorly made, and contain so much shoddy, that they would be scorned by the laboring classes in the United States, who are the best clothed of any laboring class in the world, and, quality for quality, are as cheaply clothed.

Schedule K, wool and woollens, was the most scientifically constructed of all the schedules of the tariff act. It was arrived at after a careful examination by experts, who showed the labor cost of growing and manufacturing wool. In some instances the duties imposed upon stockings, while high enough to cover the difference in wages when the Dingley Act was passed, owing to the increase of 20 per cent in wages since paid to American stocking manufacturers, those duties in 1907 and 1908 were inadequate, and mills that were running and manufacturing stockings during the first three-fourths of the life of the Dingley Act are now idle because, owing to the increase in American wages, the labor cost to-day is greater than the duty, and the goods are coming from Germany. This applies also to the cotton stockings, on which the raw material is free, so that the case is narrowed down to the simple one of the question of enough duty to cover the difference between German and American wages, the latter being 200 per cent higher than the former for the same service.

THEODORE JUSTICE.

P.

ARE THE WOOLEN SCHEDULES "BEYOND ALL REASON?"

Having apparently joined the ranks of the tariff "reformers," Mr. Peter B. Worrall, in a letter to the American Economist, contributes his mite toward the grand total of sentiment for a material reduction of the rates of duty on competitive imports. Mr. Worrall is a large importer of woolen fabrics from England. Doubtless he would like to swell the volume of such imports. This he could do if the tariff on woolen textiles were to be so pared down as to make it easier for Bradford woollens to undersell American woollens in the American market. So it seems quite natural that Mr. Worrall should be convinced that the present rates of duty are "beyond all reason."

However, this is wholly a matter of opinion. Much depends upon the point of view in these matters. A year and a half ago Mr. Worrall was extremely active in opposing the provisions of the German trade agreement whereunder German exporters were vouchsafed the privilege of undervaluing their consignments to the American market on the peculiar pretext that such goods were manufactured "for export only," or were sold in the German market in limited quantities. We remember how vigorously Mr. Worrall antagonized the "export price" privilege, and how active he was in promoting a strong protest against the consummation of the German agreement. The provisions of the German trade agreement having been extended to

Great Britain, woollens from Bradford were included in the "export price" privilege. Presto! The German trade agreement ceased to be obnoxious; Mr. Worrall and his coworkers lost interest in the subject.

Now, we find the gentleman going a step farther and denouncing the whole range of tariff duties on woollen textiles as "beyond all reason." Claiming to be still a protectionist, though greatly interested in receiving foreign woollens on the most favorable tariff terms possible of attainment, Mr. Worrall argues for a substantial decrease of duties alike on woollens and on wool. His letter on this subject has been submitted in advance of publication to two high authorities on woollens and wools, and their replies are printed concurrently. In this interesting joint debate Mr. Worrall speaks for the importer; Messrs. Edward T. Steel & Co., formerly of England, but now American manufacturers, speak for the domestic woollen industry; and Mr. Theodore Justice, senior in a house of widely known wool merchants, speaks for the woolgrowers of the United States.

It is an important and a valuable symposium of facts and arguments which promise to be of use when Schedule K shall be under consideration by the tariff revisers of the Sixty-first Congress. So it may turn out that Mr. Worrall performed a real public service when he evoked two such strong and convincing presentments of the tariff question as those embodied in the letters of Messrs. Steel and Justice.

Again, we remark that much depends upon the point of view. If Congress shall deem it wise to encourage and promote a larger importation of foreign fabrics produced by labor paid one-third (in Germany) and one-half (in Great Britain) the wages paid in similar lines of production in the United States, and thus turn over to foreigners an additional quantity of work that should be done by Americans for Americans—as was the case in the period of reduced tariff on woollens, 1895–1897, which Mr. Steel points out—then we shall see Mr. Worrall's hopes come to fruition in such an all-round lowering of duties as will bring joy to the importer and the foreign manufacturer and corresponding depression among American mill owners and wage-earners.

TRUTH AS TO WOOLEN DUTIES—COMPLETE ANSWER TO THE CONTENTION THAT PRESENT RATES ARE "BEYOND ALL REASON."

An interesting discussion and one which should be productive of good in bringing out facts relative to the tariff duties on wool and manufactures of wool has followed the recent publication in the *American Economist* of a letter from Edward T. Steel & Co., of Philadelphia, and editorial comments thereon. Taking exception to some statements in the letter, and the comments, Mr. Peter B. Worrall, member of a large importing house which deals also in domestic textiles, writes as follows:

NEW YORK, October 16, 1908.

EDITOR THE AMERICAN ECONOMIST.

GENTLEMEN: In your issue of September 25, a copy of which a friend was good enough to send me, I find an article headed, "Tariff on woollens," and incorporated in this a letter signed by Messrs. Edward T. Steel & Co., of Philadelphia.

This article should have been answered sooner. Where misstatements are made in public print, it would be a good thing for those who are attacked to be permitted to publish, in the same issue, an answer to them.

Regarding the statement made by Messrs. E. T. Steel & Co., I have no apology to make when saying: "The importers of textile goods to this country expect much from the Government in the way of tariff revision;" also, "that the tariff imposed on woolen goods is beyond all reason; and that I have no doubt that Congress will be compelled to make radical changes in the schedules, no matter what pressure is brought to bear in favor of their maintenance." The above is my belief, based as it is upon the statements made by those who are expected to take over the administration of our Government on the 4th of next March.

They also make me say: "The duty on wool is sure to be taken off, and common-sense revision on all textile schedules must be one of the features of next year's legislation."

The former part of this statement is incorrect. I did not say the duty on wool would be taken off, as I do not believe it will or should be, if our system of general protection is to continue.

My opinion of the present tariff on woolen and worsted goods is that it is unfair, based as it is on the statement made in 1883 by 190 woolen and worsted mills and 110 merchants that "it takes 4 pounds of wool to make a pound of cloth." On clothing wools this protects the manufacturer by a compensatory duty of 44 cents per pound, the duty on this class of wool in the grease being 11 cents per pound. On this compensatory basis the McKinley tariff bill was made, and the same has been continued in the Dingley tariff bill. This compensatory duty I believe to be absolutely wrong, as it does not take 4 pounds of wool to make a pound of cloth, and the manufacturers of these fabrics know that as well as I do. Hence there was concealed in this compensatory duty a large measure of protection which I do not think was intended. Messrs. E. T. Steel & Co. may not know that under the operation of the Wilson tariff bill and before that bill went out of existence the importation of English worsteds was almost completely stopped on those goods which were imported to sell under that act, but large quantities were gotten out in 1897 by those who expected a reinstatement of the duty on wool, as well as the unfair compensatory duty. We ourselves reaped a large benefit from this expectation.

Regarding further the statement that I was said to have made, "the duty on wool is sure to be taken off," this, as I said before, is absolutely incorrect, and if Mr. Wilson were alive he would tell you I begged him, when the Wilson bill was being constructed, to put a duty of not less than 5 cents a pound on clothing wool and give us at the same time a proper compensatory duty, as I believe while the present system of protection prevails in the United States the grower of wool has just as much right to be protected as any other industry, wool being his finished product; but I do believe that the duty on wool should be very materially reduced.

To show that the extreme duties on wool imposed by the Dingley tariff bill have not very seriously increased the yield, I beg to call your attention to the following statement:

In 1896 the yield in this country of scoured wool was 115,000,000 pounds. In 1907, after ten years' duty of 11 cents a pound on clothing wool, we managed to produce 130,000,000 pounds of scoured wool. This increase is only a moderate one, compared with the increased prices the wage-earning population of the country have had to pay in the purchase of their clothing, which represents an enormous amount of money, partly in order to give the wool growers the protection they have had under the Dingley tariff bill.

Regarding the statement made about wearing clothing of "shoddy and other inferior material," I beg to call the attention of Messrs. E. T. Steel & Co. to the fact that a \$12 suit under the Wilson bill is now about \$16, and a \$15 suit of the Wilson tariff bill is now about \$20. Messrs. E. T. Steel & Co. may know better than I do whether the wages of the workers in the worsted and woolen mills have increased proportionately.

Messrs. E. T. Steel & Co., resuming, state: "The latter part of Mr. Worrall's statement explains his desire for lower duties as a business proposition." This inference is absolutely incorrect, as I have not the slightest idea, nor have I had, of reentering the business of importing English worsteds into the United States, because I believe on the basis of free wool, or on the basis of taxed wool and a proper compensatory duty on goods based on whatever the duty on wool may be, that a clean-cut protective duty of 35 per cent ad valorem would not permit an importer to buy goods in the Bradford market and market them here at a profit on the basis of the above-named duty; as I firmly believe that

first-class manufacturing concerns like the Wanskuck Company can produce goods at a lower price than we could import them, providing, of course, that they were on the same basis as the English manufacturers as to dyestuffs and other things, apart from wool, that go to make a finished piece of worsted. I come to this conclusion from the fact that the Wilson tariff bill, with its duty of 40 and 50 per cent prevented the continuation of the importation of English worsteds as a profitable business.

In the statement following Messrs. E. T. Steel & Co.'s letter in your valuable paper, you say: "We had a trial of an ad valorem duty of 50 per cent on manufactures of wool, with free raw material, under the Wilson Act, and our mills were closed, because with a 50 per cent ad valorem duty, the payment of one-third of which was avoided by undervaluation, the American people were supplied with clothing made by foreign mills, and the custom-house valuation of imports affords no idea of the amount imported because of undervaluation."

I am rather ashamed of you for having made this statement, because if it was written by anyone who had had experience, or knew the character of the people who invoiced these goods to the United States, such as Messrs. A. & S. Henry & Co., Charles Semon & Co., L. M. Hardy & Co., and other houses of Bradford, England, to say nothing of the concerns who received the goods here, they must have known that the statement made as to the undervaluation of these goods was absolutely untrue. Further, if, as you say, the goods were undervalued one-third, it would mean that the duty was only paid on 66⅔ per cent of the proper value of the goods, which would of course have reduced the duties by one-third; and it may even seem a little strange to you that under these circumstances, with the above-named advantage, we were still prevented from importing this class of goods profitably.

Messrs. Steel say in their letter: "So far as the use of shoddy is concerned, England, in whose goods we believe Mr. Worrall's firm principally deals, etc." We beg to advise Messrs. Steel & Co. that we do not now, and have never within the nearly forty years which Mr. Worrall has been connected with the firm, imported goods made of shoddy, which of course Messrs. Steel & Co. must have known, as our goods were constantly coming into competition with their importations during the time they were importers of worsteds, and also afterwards, when they had gone into the manufacturing business. It may also be of interest to Messrs. Steel & Co. to know that more than five-eighths of our present business is in domestic-made goods.

I also beg to take issue with Mr. Steel, or rather your digest of what Mr. Steel was supposed to have stated, that "the American workman is more economically clothed than any other workman in the world." This I do not believe.

I regret very much to have taken up so much space with this reply, but I trust you will consider it of enough importance to print in its entirety.

Yours, very respectfully,

P. B. WORRALL.

REPLY OF EDWARD STEEL & CO.

In order that all sides of the controversy may be heard concurrently, we have furnished Edward Steel & Co. a copy of the above letter of Mr. Worrall. It will be noticed that Mr. Worrall's contention as to the amount of woollen fabrics imported in the Wilson-Gorman tariff period and as to what he is pleased to consider the "unreasonable" excess of the duties on woollens is sharply antagonized. Edward Steel & Co. reply as follows:

PHILADELPHIA, October 27, 1908.

EDITOR AMERICAN ECONOMIST.

DEAR SIR: My attention has been called to a letter of Mr. Peter B. Worrall of October 16, referring to a previous letter of ours.

I note Mr. Worrall's opinion "that the tariff imposed on woollen goods is beyond all reason." If I understand the Republican policy in regard to tariff, it is that of protection to American industries, and that it is not "beyond all reason" is proven by the fact that a considerable value of woollen and worsted goods is still imported to the United States. The present rates of duty of Schedule K (wool and woollens) are absolutely not any more than necessary to enable the clothing materials worn by American citizens to be made in their own

country in preference to abroad, which condition would be precisely reversed by any material reduction in duties.

The seemingly high rates of duty on fabrics made of wool are rendered necessary particularly on account of the much lower wages paid in Europe, especially on the Continent, as compared with wages in corresponding industries in this country. In England the wages are less than one-half as much as are paid in the United States, and on the Continent would average not much over one-third the wages paid to American work people.

By the operation of the Wilson tariff bill, which, if I recollect correctly, imposed a duty of 50 per cent ad valorem on manufactures of wool and provided for free wool, the woolen industry in this country was completely prostrated; mills were closed, work people living on charity, while during the same period of time foreign mills were rushed to their utmost capacity to supply the markets of the United States, which were inundated with enormous quantities of manufactured goods. In addition large stocks of wool, shoddy, and wastes were sent over here, and such was the plethora of foreign manufactured goods, wool, etc., that it was some time after the establishment of the Dingley duties before the country was able to digest this immense superabundance, and in that way materially delayed the time for the woolen and worsted industry and the woolgrowers to benefit by the Dingley duties.

Mr. Worrall states as follows: "E. T. Steel & Co. may not know that under the operation of the Wilson tariff bill, before that bill went out of existence, the importation of English worsteds was almost completely stopped on those goods which were imported to sell under that act." This is entirely a mistake of Mr. Worrall. The fact is that immediately on the enactment of the Wilson tariff bill the importations of wool and its products, both manufactured and unmanufactured, increased tremendously, as you will note by the following official figures. (See p. 512 of Statistical Abstract of United States for 1907.) 1907.)

The imports of manufactures of wool for the fiscal year ending June 30 for the years 1895, 1896, and 1897, the only three full years under the Wilson tariff act, were as follows:

1895 -----	\$36,469,251
1896 -----	48,332,533
1897 -----	48,870,535
Total -----	<u>133,672,319</u>
Average -----	44,557,439

It will be noticed that for the year ending 1895, which was not quite a full year, but the first under the Wilson Act, the imports of manufactures of wool were \$36,469,251, which, in contrast with the average of \$17,421,270, the average for the first ten years of the Dingley Act, shows that Mr. Worrall is under a wrong impression as to the quantity of manufactures of wool imported under the first year of the Wilson tariff act.

The following gives the importations of manufactures of wool for the first ten years of the Dingley Act:

1898 -----	\$13,230,873
1899 -----	13,978,852
1900 -----	15,620,495
1901 -----	14,729,450
1902 -----	16,977,872
1903 -----	19,302,007
1904 -----	17,632,313
1905 -----	18,021,042
1906 -----	22,353,501
1907 -----	22,357,206
Total -----	<u>174,212,701</u>
Average -----	17,421,270

You will notice that in the last three years of the Wilson Act the imports of manufactures of wool reached the large figures of \$133,672,319, and when this is contrasted with \$174,212,701 for a period of ten years (more than three times the length of the period of the Wilson Act), with only \$40,500,000 increase

in the quantity of goods imported, you must find ample confirmation of my statement that under inadequate protection of the Wilson Act the country was flooded with goods, while our mills were idle.

Another thought suggested by these figures showing \$174,212,701 worth of imported manufactures of wool, all of which could be made in America by American labor, is that the Dingley Act is not a prohibitory tariff; otherwise this enormous quantity of manufactures of wool would not have been imported.

As regards the comparative price of clothing under the operation of the Wilson bill and under the present Dingley tariff, I can say without successful contradiction that clothing was never so cheap in this country as at the present time, and that the consumer gets more for his money than at any previous era. This is proven conclusively by the fact that the American manufacturers are to-day supplying fabrics for clothing purposes at the lowest prices that ever have been known in this country, which only exemplifies the claim of the protective tariff that protection to home manufacturers will enable them to establish themselves on a sound basis and competition will regulate prices so that they will become entirely reasonable.

We stand by our statement that the American workman is more economically clothed than any other workman in the world; not only more economically clothed, but with clothing with more style and better made, and of a standard adapted to the use of self-respecting American citizens who, we stated before, would scorn to wear the shabby, ill-shaped, and rough clothing which one sees on even the better class of immigrants coming to this country from the British Isles.

The competition with foreign productions now being experienced by the domestic hosiery and knit goods trade, caused by an executive decree practically reducing materially the rates of duty on such articles, is only a foretaste of what will be the fate of other domestic industries should they be placed in a similar position through tariff reductions.

This country is not built on the lines of a "cheap man in a cheap coat."

Yours, truly,

HENRY M. STEEL,
FOR EDWARD T. STEEL & Co.

FROM THEODORE JUSTICE.

Having been favored with a copy of Mr. Worrall's letter, Mr. Theodore Justice, of the great wool house of Justice, Bateman & Co., and a standard authority on the subject of wools, writes as follows:

PHILADELPHIA, October 27, 1908.

MR. E. B. WORRALL,

Care Messrs. Fred. Butterfield & Co., New York City.

DEAR SIR: I have yours of October 26, copy of which you inform me has been sent to the Evening Post, of New York. I therefore take the liberty of sending copy of my reply to the same paper.

You object to my remarks to the effect that under a tariff of the Wilson tariff act, with free wool and an ad valorem duty of 50 per cent upon manufactures of wool, our mills were closed and labor was idle, because one-third of the ad valorem duty was avoided by undervaluation.

The latter part of this statement you believe to be untrue.

It was strongly impressed upon my memory, and I have seen it stated many times in newspapers, and also before Mr. Dingley's Committee of Ways and Means when he was making the Dingley tariff act. As I recollect the statement made there, in substance it was as follows:

The Wilson tariff act as a revenue producer was a failure. Secretary Carlisle, of the Treasury Department under Grover Cleveland's administration, was quoted to have said to the collectors of the port or the appraisers, if they were those who had to do with fixing the amount of customs duties, that he advised that they "look with a lenient eye upon foreign invoices, as he desired to stimulate and encourage imports in order to swell the revenue." It was charged that foreign manufacturers who consigned their goods to their own commission agents undervalued them to the extent of at least one-third, and that the volume of imports of manufactures of wool under the Wilson tariff act, which at their custom-house valuation averaged \$44,500,000 plus during the

last three years of the life of the Wilson tariff act, really represented nearly \$60,000,000. You can readily see how, if undervaluations were winked at by the Secretary of the Treasury, the flood of imports would increase.

When you speak about worsted goods from Yorkshire, you try to divert attention from an important point by singling out some special exception, but let me tell you that with wages in Germany only two-thirds of the wages in the worsted manufacturing industry in Yorkshire, that country to-day is suffering from German competition. Even there, with the benefit of free raw material, mills in some branches of worsted manufacturing have been compelled to abandon it, because the German competition was taking their market from them, and manufacturers of worsted in free-trade England are appealing to the Government to give them a protective tariff that will prevent German manufacturers from taking the British home market from the British artisan. In confirmation of this I cite one of many instances that are matters of notoriety. I allude to the utter abandonment in the Yorkshire district of the manufacture of alpaca jackets, the labor cost of which, without profit to the employer, was 47 cents each, while the Germans were flooding the English market at a profit to the German manufacturer at 45 cents. The Germans have licked the English on their own stamping ground, because their wages are only two-thirds of those in England.

This brings us to the central idea of your complaint—that is, that the Dingley tariff duties on manufactures of worsteds are outrageously high, which is not a correct view of the situation.

Labor employed in worsted manufacturing in the United States receives \$1, as against less than 50 cents in England and less than 35 cents in Germany. In other words, how can this industry avoid annihilation if the tariff is reduced when the wages paid in the United States are 100 per cent higher than they are in England, and 200 per cent higher than they are in Germany.

The experience of the Wilson tariff act, where the nominal duty of 50 per cent ad valorem on manufactures of worsteds, one-third of which are believed to have been avoided, left the duty actually collected about 35 per cent or less, which closed our mills and was the cause of the long lines of gaunt men and women standing at our soup houses.

I am informed that you have offered a communication to the press in which you state that you think a duty of 5 cents per pound on wool and 35 per cent ad valorem on worsteds would be an ideal tariff.

The industry was nearly annihilated under the Wilson tariff act with free raw material and from 35 per cent to 50 per cent protection on cloth, and mostly the smaller figure. The amount of duties then collected was not sufficient to keep the mills running; and if England, with free raw material and wages only half of those of the United States, is unable to compete with Germany, in revising our tariff, we have to look to such schedules as will protect the American industry from annihilation by German competition.

You speak of the number of pounds of wool it takes to make 1 pound of cloth. When the McKinley Act was being framed there was a convention of wool-growers and wool manufacturers assembled in Washington, in order that Mr. McKinley might have expert knowledge of the amount of duty necessary to protect the American woolgrowing industry, and at the same time to protect the wool-manufacturing industry. It was developed at that convention, after an ample discussion of the needs of both industries, that it would take 4 pounds and 9½ ounces of greasy Buenos Aires wool, which corresponds with XX Ohio unwashed, to make 1 pound of finished cloth. The manufacturer claimed that he had nothing to say as to the amount of protection necessary to the wool-grower, but as the largest grade of wool grown in the United States (at present fine Wyoming, Montana, and Nevada) required him to pay upon imported wool of like kind and quality 44 cents per pound on the quantity of wool similar to the bulk of American wool required to make 1 pound of finished cloth, he must have a compensatory duty equivalent to the amount of duty which he had to pay upon his imported wool, which is 44 cents per pound.

Now, there was no protection to the manufacturer in this. He therefore stated that he was paying 100 per cent more wages than were paid in England and 200 per cent more wages than were paid in Germany, and as 25 per cent of the cost of manufacturing wool was the labor cost, he must have protection of 50 per cent ad valorem against German wages, which was in the proportion of less than 35 per cent in Germany as against \$1 in the United States.

Now here we have the case in point, where the wages of the American laborer are 200 per cent higher than the German laborer, who is taking the British

market from the British people because of the greater cheapness of the German labor, as illustrated above in the story of the alpaca jacket, which is one of many similar cases.

If the American manufacturer was to import a Western Australia wool, similar in every way to the fine wool of Wyoming, Montana, and Nevada, 1 pound of finished cloth would require 5 pounds and 5½ ounces of greasy wool. The duty paid upon the raw wool that enters into this cloth would be 58.62 cents per pound, while the woolgrower's protection would be 44 cents per pound. The American manufacturer would lose 14.66 cents per pound, because 4 pounds of this kind of wool will not make a pound of finished cloth.

If you import a Port Phillip lamb, heavily skirted, it takes only 2 pounds 14½ ounces to make 1 pound of finished cloth. If a manufacturer imports this wool he pays in duty 32 cents a pound on the wool used in making the cloth, and the 44 cents per pound on imported cloth gives him a gain of 12 cents per pound. But this is only an exceptional case. There is not enough wool in the world of this kind to run our mills.

But that is not the point. Mr. Dingley constructed his tariff with a view to stop the destruction of the woolgrowing industry, and he found that he had to put enough specific duty upon imported cloth to compensate the American manufacturer for the protection which the woolgrowers must have on the class of wool which composed the majority of that raised in the United States. The 44 cents per pound duty was not advised to protect the manufacturer, but to protect the woolgrower, and it was arrived at after an experience with free wool under the Wilson Act, and it was agreed by the Ways and Means Committee, after examining experts, that a compensatory duty of 44 cents per pound to the manufacturer was fair, reasonable, and just, if the woolgrowing industry of the United States was to be protected from annihilation.

You speak of the small increase in American wool under the Dingley Act protection. Does this fact not prove that any less duty would be inadequate and that the industry would languish, as it has always languished heretofore when the duties were inadequate?

Every shrinkage in the number of our sheep has taken place under inadequate protection. There is another reason why free wool as practiced in the life of the Wilson Act has prevented expansion in woolgrowing. This is as follows: The woolgrowers have learned that Mr. Bryan, who helped to construct the Wilson tariff act, favors free raw material; that he regards wool as a free raw material, notwithstanding the fact that it is the woolgrowers' finished product and that 90 per cent of its cost is labor. This was demonstrated by the woolgrowers' testimony before Mr. Dingley's committee. The evidence they produced of this was convincing, but as Mr. Bryan has stated that if elected he would use his influence to reenact a tariff for revenue, divested of every shred of protection, capital naturally is timid about reentering the wool industry, especially in view of the effect of the experience of the Wilson tariff act, when mills in the United States were closed and some western woolgrowers shipped their wool to Europe, but it was worth so little there that the cost of marketing it was greater than the value of the wool and they were brought in debt by exporting their wool.

Schedule K of the Dingley tariff act was the most difficult one that Mr. Dingley had to handle. He gave much labor and attention to it. Having been both a woolgrower and a woolen manufacturer himself, he was well posted on the wants and needs of both classes, and with this knowledge his bill was scientifically constructed; and with the 1908 Republican plank defining tariff revision, which must protect American labor, there can be no change in Schedule K of the Dingley Act except it be to increase duties, for nearly the whole of the benefits of the protection in this schedule of the Dingley Act goes to labor—90 per cent of which is the cost of growing wool—and protection against German labor must be considered, in view of the fact that the same service costs 200 per cent more in the United States than in Germany, or 33½ cents in Germany as against \$1 in the United States.

Now, these are the facts; they can not be altered, and you must make the best of them.

Yours, truly,

THEODORE JUSTICE.

Q.

**THE AMERICAN HOME MARKET IS THE ONLY ONE FOR
AMERICAN-GROWN WOOL.**

**THEODORE JUSTICE ON THE ALLEGED BRYAN "TRUST-BUSTING"
STATEMENT.**

We are in receipt of a letter from Theodore Justice, of Justice, Bateman & Co., the well-known wool expert, statistician, and "stand-patter," regarding the recent alleged statement of William J. Bryan, made through Frank S. Monnett, former attorney-general of Ohio, and which newspaper statement was quoted at the time in the Daily Trade Record.

Mr. Justice writes:

PHILADELPHIA, July 22, 1908.

EDITOR DAILY TRADE RECORD:

SIR: In your issue of July 21 you quoted a newspaper statement from Frank S. Monnett, of Ohio, who was twice the Republican attorney-general of that State and who won fame as the prosecutor of the trusts. Mr. Monnett, it was stated, had spent an hour and a half with Mr. Bryan, from whom he obtained a definite answer to carry back to the Ohio wool producers as to Mr. Bryan's policy, if President, to destroy the wool monopoly.

Mr. Monnett represented to Mr. Bryan that the American Woolen Company monopoly had "destroyed the entire benefits supposed to inure to the woolgrower from the protective duty upon wool." In support of this statement he said that "this company had offered to buy wool from the Ohio producer at 18 cents and 20 cents, while the company asked \$65 for an all-wool suit of clothes containing less than 2 pounds of wool, and that owing to this the company had driven the price of clothing to the consumer up 900 per cent."

Mr. Bryan authorized Mr. Monnett to say that "the first thing he would do if elected President would be to use all the powers of the Government to break up that company's monopoly." Mr. Monnett told Mr. Bryan that "the alleged monopoly had forced the price of wool down below the free-trade basis," and he quoted in proof of this 18 cents for Ohio wool and \$65 for a suit of clothes, as previously stated.

MR. MONNETT'S STATEMENT REFLECTS VERY SMALL CREDIT ON HIS INTELLIGENCE.

If Mr. Monnett is correctly reported, his statement reflects very small credit upon his intelligence. In the first place, with regard to wool sold in Ohio at 18 cents, which he says was below the free-trade basis, he should know that the facts are that Ohio wool at 18 cents brought 7½ cents a pound (or 71 per cent) more than its free-trade basis.

IF THE AMERICAN WOOLEN COMPANY WERE PUT OUT OF BUSINESS.

If the American Woolen Company were put out of business by Mr. Bryan, the Ohio farmer would have to sell his wool in London, where its value recently was 18½ cents per pound.

BEST OHIO WOOL SUIT \$10 TO \$12, NOT \$65.

Mr. Monnett's other statement with regard to a \$65 suit is almost too absurd to consider. Excellent clothing, made of 18-cent Ohio wool, can be bought at from \$10 to \$12 a suit, or \$43 less than Mr. Monnett alleges.

THE WOOL SIDE OF THE QUESTION.

Let us see about the wool side of the question:

In June, when Ohio farmers were selling Ohio wool at 18 cents, the average price in London for No. 60's Botany tops (similar wool, scoured, carded, and combed) was 44 cents. As it costs 5 cents per pound to convert clean wool into

top, the value in London of the clean wool must be 39 cents a pound. Such merino wool as brought 18 cents on the Ohio farm in June contains 35 per cent wool and 65 per cent grease and dirt. On a basis of 39 cents for the clean wool, the London or free-trade value of this class of Ohio fleece yielding 35 per cent clean wool is 13½ cents, unwashed.

MR. MONNETT ADMITS THE OHIO FARMER HAS HAD 7½ CENTS PER POUND MORE FOR HIS WOOL THAN ITS FREE-TRADE VALUE.

The minimum cost for marketing Ohio wool in the London market is 3 cents per pound, which must be deducted from the London gross value of 13½ cents per pound in order to arrive at the net or free-trade foreign value of Ohio wool, which therefore is 10½ cents per pound for such as Mr. Monnett says sold there for 18 cents. Thus Mr. Monnett admits that the Ohio farmer has had 7½ cents per pound more for his wool than its free-trade value.

7½ CENTS PER POUND, THEREFORE, AMOUNT OF PROTECTION OHIO FARMER REALIZED FOR HIS WOOL IN JUNE.

This difference of 7½ cents per pound is the amount of increase in price caused by the present wool tariff; it is also the amount of protection which the Ohio farmer realized for his wool in June.

PANIC DECLINE IN FREE-TRADE ENGLAND ON WOOL PRICES WAS GREATER THAN IN THE UNITED STATES—AN ILLUSTRATION.

The panic decline in free-trade England on wool prices was greater than in the United States, 18 cents marking the maximum effect of the panic upon the Ohio farmer. As an illustration, we have in mind a cargo of Scotch wool, brought to the United States at 11d. English money, or 22 cents in our currency. On its arrival during the panic, the purchaser was unable to pay for it, and reshipped it to Liverpool, where it was sold at 5½d., or 11 cents, a decline of 50 per cent, which is a greater decline, as previously stated, than took place on similar wool here.

NO FAILURE OF THE TARIFF TO ELEVATE THE AMERICAN PRICE.

As will be seen from this illustration, there was a world-wide decline in wool prices. There was no failure of the tariff to elevate the American price as Mr. Monnett claims.

MORE ABOUT THE "\$65" SUITS, THROUGH WHICH THE WOOL GROWER "IS BEING ROBBED ABOUT 900 PER CENT."

Now with regard to the \$65 suit of clothing, containing less than 2 pounds of wool, by reason of which, Mr. Monnett alleges, the wool grower is being robbed to the extent of about 900 per cent.

The facts are that all-wool suits of three pieces, containing not more than 2 pounds of clean wool, must be made of goods weighing 10 ounces to the yard. Such a suit, as I have said, made of fine wool, can be purchased at retail in any of the markets of the United States for \$12; and if made of quarter-blood wool (Shropshire grade), at \$10.

THESE \$10 AND \$12 SUITS YIELD A FAIR PROFIT TO ALL CONCERNED AND ARE SUCH AS WORN BY 75 PER CENT OF AMERICAN PEOPLE.

These prices yield a fair profit to the manufacturer of cloth, also to the wholesale manufacturer of clothing and to the retailer of the latter. These would be such suits as are worn by 75 per cent of the American people.

AMERICAN READY-MADE CLOTHING BEST AND CHEAPEST.

There is no other place in the world where so valuable a suit (all wool) can be bought ready-made for less money, or even for the same price, considering how well made and tailored such a suit is. The fame of American ready-made clothing has spread far and wide; for instance, the French Government now has

a commissioner in the United States to examine into and learn American methods of clothing manufacture, and this commissioner, as before reported in your paper, has already expressed himself as convinced of the superiority and modest cost of our ready-to-wear clothing.

AND MR. BRYAN HAS AUTHORIZED MR. MONNETT TO SAY THAT IF ELECTED PRESIDENT HE WILL USE ALL POWER OF GOVERNMENT TO DESTROY THIS "WOOL MONOPOLY."

And Mr. Bryan, according to the statement, which has not been denied, has authorized Mr. Monnett to say for him that if he is elected President he will use all power of the Government to destroy this "wool monopoly"—this "monopoly" which sells the best ready-made clothing in the world at from \$10 to \$12, and which pays the American woolgrower 7½ cents per pound more for wool than its free-trade basis.

THE AMERICAN WOOLEN COMPANY IS NO MORE A TRUST THAN ANY OTHER LARGE CORPORATION.

This threat will give the people of the United States some idea as to what they may expect from Mr. Bryan in the way of interference with our domestic industry, for the American Woolen Company is no more a trust than any other large corporation. The American Woolen Company can not buy wool at any lower price than such competitors as the Atlantic Mills, Pacific Mills, Arlington Mills, or the Wanskuck Company, all of which, and many more of equal or almost equal size, are not in the so-called "trust."

The Ohio farmer certainly would not take 18 cents for his wool if any of these other mills would give him more for it.

MR. BRYAN'S INTERFERENCE ON A LARGE SCALE WOULD PRODUCE A CONDITION OF PANIC THAT WOULD OUTLAST HIS TERM OF OFFICE.

But there is a more serious aspect to this threat of Mr. Bryan's, which relates to the welfare of labor. The policy which he proposes will deprive millions of workmen of their bread and butter. If the panic of 1907 has thrown labor out of employment for a half year because of the correcting of abuses existing among a few corporations, you can imagine what will happen to our industrial life in the event of Mr. Bryan's election, as he has announced his purpose to turn existing industrial conditions inside out and upside down. If a little panic was the result of a comparatively small interference with industrial corporations, Mr. Bryan's interference on a large scale would produce a condition of panic that would outlast his term of office.

MR. BRYAN WOULD DESTROY NOT ONLY THE AMERICAN WOOLEN COMPANY, BUT ALSO THE INDEPENDENT MILLS.

There is another feature of Mr. Bryan's threat. His platform declares for free raw material. Wool is raw material from the Democratic point of view, so that with one hand removing protection from the American woolgrower with the other he would destroy the only market in the world for American wool. The American Woolen Company is the largest single consumer in the United States, and in placing their so-called "trust-made products" on the "free list," Mr. Bryan would not only destroy this company, but would likewise destroy those other independent mills which are not in what Mr. Bryan calls a "trust."

WE HAD EXPERIENCE DURING THE LIFE OF THE WILSON TARIFF ACT WITH FREE WOOL.

We know very well what would happen to the wool and woollen industries if Mr. Bryan carried out his threatened scheme, for we had experience during the life of the Wilson tariff act with free wool, and an ad valorem duty upon manufactures of wool which was so small that under it the wool flocks were destroyed and the woollen mills languished. Some California woolgrowers and others from Texas, who were unable to sell their wool in the United States under the Wilson Act, exported it to Europe, where it brought so little that the American shipper was brought into debt and had to send money abroad to liquidate the expenses on it.

NO OTHER MARKET FOR AMERICAN-GROWN WOOL BUT THE AMERICAN HOME MARKET.

Thus experience has proved that there is no other market for American-grown wool but the American home market.

EVERYONE INTERESTED IN THE TWO INDUSTRIES SHOULD READ "WOOL HEARINGS BEFORE THE WAYS AND MEANS COMMITTEE OF THE HOUSE OF REPRESENTATIVES IN 1907."

These facts and many others reciting the actual experience of the trial of the free-wool experiment under the Wilson Act were printed and bound in a volume by the Government, which anyone desiring can obtain gratis by applying to his Senator or Representative in Congress. This volume is called "Wool Hearings before the Ways and Means Committee of the House of Representatives in 1897." Every woolgrower in the United States, and every other person directly or indirectly interested in the wool and woolen industries, should procure a copy of this report and carefully study it, for it is evident from the above apparently authorized public announcement of Mr. Monnett's interview with Mr. Bryan that the question of duty or no duty upon wool as a raw material is to be a big issue of the 1908 Presidential campaign.

It takes the farmer a whole year to grow a fleece of wool. It is not a raw material to him; it is his finished product, as much as yarn is the finished product of the spinner, although at the same time the raw material of the cloth weaver.

Very truly, yours,

THEODORE JUSTICE.

R.

LEMONS AS AN ILLUSTRATION OF THE BENEFITS OF PROTECTION TO THE CONSUMER.

BRYAN'S FALSE LURE TO LABOR—WHY AMERICAN WORKINGMEN SHOULD NOT FOLLOW GOMPERS TO THE FREE-TRADE CAMP.

SEPTEMBER 25, 1908.

The following letter, setting forth most forcible reasons why organized labor should refuse to be led by Gompers over into the Bryan free-trade camp, has been addressed to the Philadelphia Public Ledger, but has not yet appeared in that newspaper:

To the Editor of the Ledger:

"Antistand Patter," in the Public Ledger of September 4, and James S. Wilkinson, on September 12, give reasons for voting for Bryan which are about as near correct as to actual facts as most of Mr. Bryan's own reasons for asking workingmen for support, as will be shown by the following:

Antistand Patter votes for Bryan because, he states, it is his belief that the tariff "will then be revised by the friends of the working people." He prefers the Bryan sort of revision, which divests the tariff of every shred of protection to labor, because, he says, the present tariff (the Dingley Act) has robbed us of our export trade. In support of this statement he cites its effect upon the boot and shoe manufacturing industry as an illustration of how the Dingley Act "has robbed us."

Will Mr. Antistand Patter please explain to the workingmen how the boot and shoe industry has been robbed of its export trade, in view of the United States Treasury reports, which show that the exports of boots and shoes have increased from 1896 to 1903 nearly five and a half million pairs, an increase under the present tariff of 475 per cent? This has occurred in spite of 15 per cent duty on hides, which increases the price of each pair of shoes from 3 cents to 5 cents per pair, and also in spite of 25 per cent protection to American labor over the cheaper British labor, which increases the cost of shoes more than does the 15 per cent duty on hides.

DUTY ON CITRUS FRUITS.

Will Mr. Wilkinson explain why he thinks "protection is robbery" and how "living is made dearer in order that a few may become rich?" because, as he states, the duty of 1 cent a pound upon lemons and oranges "raises their present cost two or three times the price they formerly brought." To prove this he states that "the freight and duty of 1 cent a pound on lemons and oranges from Italy (where labor is $1\frac{1}{2}$ lira per day) is \$1.12 per box, while the freight alone on oranges from California is \$1 per box." How can you convince the workingman that the "cost of fruit has been increased two or three times over its former price by the present duty of 1 cent per pound?" It takes at least three lemons to weigh a pound. Therefore the tariff increase on each lemon can not be over one-third of 1 cent. Where does the robbery come in?

The writer has recently been talking to the laborers in the lemon groves of Sicily, where the average wage per day is $1\frac{1}{2}$ lira, or 30 cents of our money. Mr. Wilkinson can easily ascertain that the average pay for farm laborers, without board, on the Pacific coast, where wages are higher than anywhere else in the United States, is \$1.50 per day. Now, under the Dingley Act the business of growing lemons in California has been built up by protection of one-third of a cent on each lemon, and under this protection the California farmer, according to Mr. Wilkinson, can pay \$1 per box freight to the seaboard markets.

In view of these facts it would be difficult to convince the laboring man, who is a consumer of lemons, that he is being robbed in order that a few may become rich. It would be equally difficult to convince the California farm hand, with his \$1.50 per day, that he will be benefited by having "every vestige of protection" removed from the tariff, as Mr. Bryan proposes, and which would bring him in competition with the 30 cent per day laborer in Sicily, especially with a handicap of \$1 per box freight on California lemons to its best market.

BENEFITS GO TO THE LABORING MAN.

These two illustrations of why labor should vote for Bryan are hardly convincing, for they show what has already been proven beyond any possibility of successful contradiction that nearly all of the benefits of the tariff in almost all of the schedules go to the laboring man. On the other hand, experience proves that the sort of protection that Mr. Taft advocates is for the greatest good to the greatest number of the American people; a tariff which raises revenue in such a way as to protect the producers, who are the largest consumers, does not make living dearer in order that a few may become rich.

The paramount issue in this campaign is the welfare of the workingman. There has been only one panic in eleven years of the Dingley Act. Under the Wilson Act, which divested many industries of every shred of protection (such as Mr. Bryan now advocates), there was a continuous panic, which was only removed by the election of McKinley and the passage of a tariff for protection. Under thirty years of protective tariffs the per capita wealth of the nation has risen from \$780 to \$1,310 in 1905, which makes the American nation the richest in all the world.

WORTH \$20,000,000 TO LABOR ALONE.

Do those who like Mr. Wilkinson object to protection to the labor employed in the fruit industry know that the orange and lemon crop of California this year will amount to 30,000 carloads, which is worth to the labor of that State \$20,000,000, and, according to the Los Angeles Times, the freight on this 30,000 carloads of fruit will be nearly as much as the crop is worth?

Do the laboring men, whose votes Mr. Bryan solicits, realize that the \$40,000,000, which is the value of the California fruit crop plus the freight thereon, goes largely to the labor employed in producing the fruit, and to the labor employed by the railroads by which it is transported, and do they not see that with the success of Mr. Bryan's tariff plan most of this money would be taken from the workingman?

Has even Mr. Bryan, claiming, as he does, to be the champion of labor, reflected on the comforts which are brought to the women and children of the families of the men employed upon the railroads, who receive in wages such a large portion of the \$20,000,000 paid in freight on California fruit, and of the proportion of the \$20,000,000 which goes to the California labor that produces the fruit?

These are happy conditions of labor that our present tariff system has brought about and that exist nowhere else in the world, and which are worth more to labor than twice the annual gold output of that State. All these benefits would be taken from labor with the success of Mr. Bryan's plan, to be won by the use of catch words which skillfully conceal the truth.

BRYAN'S FALSE APPEALS.

Catch words are used that while really meaningless do unquestionably excite the envy of the laboring classes and make them discontented in order that their votes may be obtained.

Some of these catch words which are fooling the labor vote are "Living is made dearer in order that a few may become rich by the robber-baron tariff, which has made millionaires to the detriment of the mechanic and the wage-earner."

What better proof could there be of the deception being practiced in Bryan's efforts to get the labor vote than in the fact that the food-purchasing power of one hour's wage in 1907 was 6.8 per cent greater than the average of the ten-year period from 1890 to 1899, or that under the Dingley Act the average wage per hour in 1907 was 28.8 per cent higher than during the average of the ten-year period from 1890 to 1899, or that the number of employees under the protective-tariff system during this same period has increased 44.4 per cent, notwithstanding a 5 per cent per week decrease in the working hours? (See July Report, Bureau of Labor.)

Does not this show beyond excuse that nearly the whole of the benefits of a protective tariff go to labor, and, on the other hand, that with the removal of every vestige of protection the blow of such a change will fall most severely upon labor?

Bryan's tariff-for-revenue plan, divested of protection, would take out of the poor man's pocket the bulk of the customs revenue and let the rich man off with light taxation, for this is the practice of the British "tariff-for-revenue" system which Mr. Bryan would substitute for the Dingley plan of protection to American labor.

The British tariff is tariff for revenue only, which levies no duties whatever of a protective influence, while the American plan taxes the imported articles the like of which can be produced at home by American labor. The British system of a tariff for revenue lays heavy duties on such articles as tobacco, tea, coffee, spices, and sugar, that are universally consumed by labor.

The British Royal Statistical Society shows comparisons covering a period of over thirty years of food taxation and drink taxation by Great Britain, United States, Germany, and France.

These records show that the per capita taxation imposed on the people of the British Isles is 70 per cent higher upon articles of food and drink than that imposed on these articles by our system of a protective tariff.

This showing, in the face of the clamor of Mr. Bryan that taxes here upon the necessities of life are inordinately high under our system of protection, proves his position to be without foundation in fact. Yet he will go on to the end restating what is not true.

THEODORE JUSTICE.

PHILADELPHIA, September 17.

[American Economist.]

WOOL CONSUMPTION CONTRASTED—MUCH GREATER UNDER THE DINGLEY LAW THAN IN THE WILSON LAW FREE WOOL PERIOD.

From the New York Daily Trade Record we learn that the following letter from Justice, Bateman & Co., Philadelphia, wool merchants, has been addressed to the New York Evening Post, but, so far as we know, has not yet appeared in that newspaper:

Editor of the New York Evening Post.

DEAR SIR: The Post owes it to its readers to correct some misstatements of facts by Nelson Lyon in his letter of October 14, eulogizing the Wilson tariff act.

Among his numerous errors, Mr. Lyon states that "the woolen industry never used so much wool before, nor in any four years since, as was used during the four years of the Wilson tariff act."

The actual facts are exactly contrary to this statement. Mr. Lyon confuses the quantity of free wool imported with the quantity consumed. In point of fact, the years of smallest wool consumption and the year of largest importations was under the Wilson Act. For instance, the year of smallest wool consumption during the life of either the McKinley Act, the Wilson Act, or the Dingley Act was in 1896 under the Wilson Act, when wool consumption reached only 250,000,000 pounds of raw wool. This was less than the American production of that year.

The reason for this was that under the Wilson Act enormous importations were made of foreign manufactures of wool while our mills were idle. These manufactures of wool ought all to have been made in the United States by American labor, but instead they were made by cheap foreign labor, which was paid at the rate of less than 35 cents in Germany and 50 cents in England for service that under the McKinley Act and under the Dingley Act cost \$1 in the United States.

Some idle mill operatives were selling newspapers or polishing boots to support themselves while these goods were coming from abroad. This shows how the removal of protection to American labor affects the comfort and happiness of the American laboring man. But to return to the question of "wool consumption." During the eight years of the Dingley Act, from 1897 to 1904, the consumption of wool averaged annually 500,750,000 pounds, a strong contrast with the 250,000,000 pounds which was all that was consumed in 1896 under the Wilson tariff act.

This large wool consumption under the first eight years of the Dingley Act was in spite of the handicap of enormous quantities of imported woollens brought here under the Wilson tariff act, which paid duties that were less than half of the difference between the labor cost of domestic and these imported goods.

There never was any year before or since the passage of the Wilson Act when there was so much wool imported as during the dying moments of the free-wool Wilson Act. Wool for which there was no immediate use was then imported in anticipation of the higher prices that would be a sure result of the imposition of the Dingley duties.

This free wool was conspicuously present during the first five years of the Dingley tariff act, and some of it was still in existence in 1894; and it was probably owing to this unused free wool that the price-lifting effect of the tariff was null, as for a brief period in that year the largest grade of American wool was selling in the United States down almost to a free-trade basis.

On December 31, 1897, the total supply of unused wool in the United States reached the enormous figure of 1,254,484,726 pounds. This large accumulation of wool was the result of the excessive importations of free wool, added to the American production of that year plus about 400,000,000 pounds of unused wool carried forward from the period of the Wilson tariff act, when manufactures of wool were coming in from foreign factories while our own factories were idle. Contrast the 200,000,000 pounds, more or less, of wool on hand at the end of December after eleven years of the Dingley Act with the 1,254,484,726 pounds on hand on December 31, 1897, after the expiration of the free-wool Wilson Act.

Our importations of wool in 1898, the first year after the passage of the Dingley Act, were less than 100,000,000 pounds. This small quantity of imported wool was because of the unprecedented importations of the previous year of 1897, when 358,000,000 pounds were imported, nearly all of which was free wool.

There never has been in the history of woolen manufacturing in the United States such a large annual wool consumption as has taken place during the eleven years of the Dingley Act, notwithstanding the fact during the twelve months following the 1907 panic wool consumption here fell off below the average of the previous several years.

Another statement which Mr. Lyon makes, which can not be supported by facts, is that the laboring classes have not been able, under the Dingley Act, to buy as much woolen clothing as before, and have been compelled to resort to cotton. The truth is that the American people never wore so much clothing made of pure wool and containing so little shoddy as during the period of the Dingley Act, which imposed a prohibitive duty on shoddy, whereas under the last year of the Wilson Act the imports of shoddy were greater than all of the shoddy imported during all the years of both the McKinley and the Dingley acts.

Messrs. Edward T. Steel & Co., who for many years ran a woolen mill in England, and at the same time had mills in the United States, declared that in no part of the civilized world are working people of moderate means clothed so well or so economically as in the United States. "The fact is," says Mr. Steel, "the clothing worn by the people of similar conditions abroad would be scorned by our citizens, both as to quality and its badly manufactured character, and so far as the use of shoddy is concerned, England is the largest user in the world." (See letter of Edward T. Steel & Co. to the Daily Trade Record, of New York, dated September 3.)

We had a trial of tariff reduction under the Wilson tariff act. Wool was free of duty, but an ad valorem duty of 50 per cent was imposed on imported manufactures of wool. Our mills were closed and labor was idle, because one-third of the 50 per cent ad valorem duty was avoided by undervaluation.

Mr. Steel, before the United States Industrial Commission, stated that he employed the same labor on the same machinery in England as in the United States, and that the same labor in the United States doing the same work as in England accomplished no more here than they did there, although wages in the United States were much more than double those paid for the same service in England.

He further stated that nearly the whole of the benefits of a protective tariff go to labor. Nobody was better qualified to give an opinion, because he was talking about his own business of woolen manufacturing, in which he had been engaged both in England and in the United States.

Mr. Lyon urges that the tariff be revised downward in the interest of the laboring classes, which would mean that no mill could be run in the United States, where wages are two or three times those paid for similar services abroad, unless there is enough protection to cover the difference in wages between the American scale and the lowest competing foreign scale, except American wages are reduced to the foreign scale, so that when Mr. Lyon urges labor to vote for tariff reduction it is a case of "Walk into my parlor, said the spider to the fly."

We refer to the July report of the Bureau of Labor, which states that the food-purchasing power of one hour's wages in 1907, under the Dingley Act, was 6.8 per cent greater than the average of the ten-year period from 1890 to 1899. The average rate per hour in 1907 under the Dingley Act was 28.8 per cent higher than during the average of the ten-year period from 1890 to 1899, which included the four years' experiment of the Wilson tariff act, which period Samuel Gompers (before he had capitalized his influence with labor unions) stated "would ever remain in his memory as the worst period that labor had ever suffered, and he could not efface from his memory the long lines of gaunt men and women waiting at the soup houses."

The tariff plank in the Republican platform was written in the interest of labor. It clearly defines that if tariff revision is to take place it must be for a reduction only of such duties as upon investigation are found to be higher than the difference between the labor cost of production here and the cheapest competing foreign labor, and where schedules are found to be carrying rates of duty that fail to cover such difference in wages such schedules are to be increased, so that the American standard of living for labor in this country, which is better and more comfortable than that of the middle classes of Europe, shall not be degraded; for when you impoverish labor, you lower the standard of living, and instead of each American mechanic having a house to himself in which to raise his family, he will have only one or two rooms, samples of which can be found in free-trade countries. These are conditions which increase crime, so that the principle of protection to American labor has a moral uplifting force that is one of its strongest recommendations.

Very truly, yours,

JUSTICE, BATEMAN & Co.

PHILADELPHIA, October 21, 1908.

People make a mistake in thinking that the taking away of the tariff would remove the conditions that foster monopoly. Only when the complete facts on a particular industry are furnished can you base any argument with any certainty, either for or against our tariff system. Facts should be obtained from the small manufacturer, as well as from the head of the trust.

S.

THIEVES AND HOGS.

[From The Outlook of November 28.]

TARIFF REFORM.

The Ways and Means Committee of the House of Representatives is now holding in Washington tariff hearings preparatory to legislation during the coming winter. So far the testimony given before the committee is largely from individuals and special interests who want their particular protection increased rather than diminished. Some hop growers, for example, want the duty on hops doubled. Dealers in drugs, chemicals, and colors have protested against reductions, and in some instances have asked for increased duty. The general impression of the hearings as so far held confirms the wisdom of Mr. Taft's advice to the consumers of the country that they should appear before the committee to urge their claims for at least a reduction of certain schedules if not a horizontal decrease of the taxes which the tariff imposes on them. It is difficult to say just how the consumers of the country can take concerted action. You can hardly have an association of shoe wearers, or of flour eaters, or of shingle buyers, or of watch owners. But the country can and does have compact organizations of the manufacturers of these articles, and we are very much afraid that they are to some extent influenced by the motives to which Mr. Charles Francis Adams, of Boston, alludes in a recently published letter to Representative McCall, of Massachusetts. Mr. Adams in a characteristically frank fashion says in this letter of the men who are directly and pecuniarily interested in a protective tariff that they "naturally divide into two classes."

Speaking after the fashion of men, they are either thieves or hogs. I myself belong to the former class. I am a tariff thief, and I have a license to steal. It bears the broad seal of the United States and is what is known as the "Dingley tariff." I stole under it yesterday; I am stealing under it to-day; I propose to steal under it to-morrow. The Government has forced me into this position, and I both do and shall take full advantage of it. I am therefore a tariff thief, with a license to steal. And—what are you going to do about it? The other class come under the hog category; that is, they rush, squealing and struggling, to the great Washington protection trough, and with all four feet in it they proceed to gobble the swill. * * * To this class I do not belong. I am simply a tariff thief. * * * But, on the other hand, I am also a tariff reformer. I would like to see every protective schedule swept out of existence, my own included. Meanwhile, what inducement have I to go to Washington on a public mission of this sort? A mere citizen, I represent no one. * * * Meanwhile, have it well understood that my position is exactly the position of tens of thousands of others scattered throughout the country; to ask us to put aside our business affairs and at our own expense to go to Washington on a desperate mission is asking a little too much.

The entertaining tone of satire which Mr. Adams assumes in this letter ought not to conceal from the committee or the country the serious truth which it conveys. There is a very widespread, if unorganized, sentiment throughout the country in favor of genuine and thorough tariff reform. Mr. Taft, the President elect, has declared himself to be in favor of legislative recognition of this sentiment. If the Republican party in Congress ignores it or endeavors to obscure it by published evidence drawn from special interests, it will

make a serious blunder. Men like Mr. Spreckels, of San Francisco, Mr. J. J. Hill, and Mr. Charles Francis Adams have a right, both by their attainments and by their achievements, to speak for the real commercial interests of the country; and they are outspokenly in favor of tariff reform, by which they mean lower duties.

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INFLUENCE OF THE REDUCTION OF THE TARIFF UPON WOOL, BY THEODORE JUSTICE.

In order to make an intelligent estimate of the future, we must get our inspiration and wisdom from the past, and we must remember that similar causes are apt to produce similar effects.

The only history of the wool question in the United States that is of any value to us now is that of the period since the close of the war of the rebellion.

The influence of the tariff on wool during this time is so closely connected with the ups and downs of the wool industry in the United States, that the wool question has now become of necessity essentially a political question.

According to the definition in the dictionary, politics is policy, and unfortunately for those who grow or manufacture wool, the politics of the two leading political parties of this country are opposed to each other on the policy of raising revenue.

One party favors a tariff simply for the revenue it produces, while the other favors a tariff for producing revenue in a way that to the greatest degree possible will protect American industries. The present Dingley tariff act is the most satisfactory and the most emphatic realization of the application of the principle of protection to home industries ever enacted into American law.

At different periods, and in response to an apparent demand for tariff revision, the Republican party has made reductions in the duty on wool. It made these reductions as a sort of sop to Cerberus (who is, as you all know, the three-headed dog that guards the gates of hell), and although the reductions were only slight, the woolen industry has always suffered contraction as a result of such tariff revisions downward.

On the other hand, the Democratic party, which since the war has been dominated by southern statesmen, has never believed in any form of tariff protection for wool or the manufactures thereof. It asserts that "tariff protection is a crime and a robbery," that the manufacturer should have free raw material, and it has been unwilling to concede any more than such incidental protection as might be got out of a revenue tariff on manufactures of wool. John Randolph, over one hundred years ago, then showed the feeling of the South toward wool when he said he "would walk a mile to kick a sheep."

But protection that does not protect is of course no protection at all, and the wool-manufacturing industry has always suffered during such periods of inadequate protection. At those times many American mills have been closed, foreign-made goods have supplied a larger share of the home market, the demand for American wools has been narrowed, and prices have fallen. Under the free-wool Wilson Act, Texas wool, such as is now worth 20 cents, was then worth only 4 cents, and in California in 1896 the fall clip was worth only 2

cents. It was at that time offered free by the grower to anyone who would pay for its shearing.

Under these distressing conditions the woolgrowers sent their sheep in countless numbers to the butchers, and flocks diminished or disappeared entirely. When foreign wool has been free of duty American wool has always been undersold by the foreign, because the wool could be produced abroad at a lower cost, and the number of sheep in the United States decreased 23 per cent in three years of free wool.

Our flocks decreased so rapidly that the industry in many places that formerly were great wool-producing sections has been wiped out altogether.

Since the duties have been restored the increase has been mostly on the arid lands that during our civil war were occupied by the wild Indian and the American bison. The blow that was struck by tariff revision to the farmers living east of the Mississippi has, however, been fatal in many counties in this section.

If there were any guaranty that the Dingley tariff would not be disturbed for twenty-five years to come, many sections of the country that formerly produced wool, but which now do not do, so would go back into the business. The Southern States alone, if they would, could produce all the wool that American mills can now use, for they are economically and physically better adapted for growing sheep than most of the Northern States.

After the Dingley tariff restored the McKinley wool duties which had been taken off by the tariff revision of 1894, the sheep were not restored in every section for the reason that the woolgrowers who had lost their money through tariff revision in 1894 discovered that as wool had become a political football, the hazards of the business had increased, and they were quite unwilling to reinvest their capital in it. They knew full well that with the next change from Republican to Democratic congressional control the duties on wool, under the party cry of "free raw material," would either be again reduced or removed, and that there would be a repetition of the disaster that befell this industry upon previous occasions.

Wool is not raw material to a woolgrower any more than cloth is to a tailor. Wool is the grower's finished product, just as cloth is the finished product of the mill or yarn the finished product of the spinner.

The Dingley Act, which followed the free-wool Wilson Act, and is its complete antithesis, has now been in operation nearly nine years. Under it the wool-manufacturing business has expanded more rapidly than the wool-growing business. Thus it is a reasonable conclusion that the Dingley Act was better for the manufacturers than for the growers of wool.

To-day we find that the American woolgrower produces only 45 per cent of the clean wool that is used in manufacturing woollen clothing. Complaint has therefore been made by manufacturers. When the Dingley Act passed, in 1897, wool duties were then favored by some manufacturers who do not now favor them to the same extent, because, as they say, "the Dingley tariff on wool has not expanded the business of growing wool so rapidly as it has expanded that of manufacturing wool."

This, however, is not a broad view, nor one which, I am glad to say, is held by the majority of woolen manufacturers. They realize that the wool and the woolen Schedule K of the Dingley Act is a good one for all the American people as a whole, and, as shown above, even better for the manufacturer than for the woolgrower, and that we should hold on to it as a good thing which is not likely ever again to be followed by any new tariff act giving as much protection to all the people and to the woolen manufacturers in particular.

Because American raw-wool production has not kept pace with American consumption, we find to-day a few short-sighted manufacturers asking tariff revision on articles which they do not themselves produce in order that they may have cheaper raw material. There is no justice or justification in protection to a few favored American industries. Unless protection is given to all other American industries, none are entitled to it. Is it not robbery to ask a farmer to pay 45 per cent duty on the harness he buys unless he can retain the 15 per cent duty on hides which he sells? If the manufacturer of harness or shoes has a right to free hides, the farmer has an equal right to free harness or free shoes made from those free hides.

The woolen manufacturers of the United States are only represented in Congress by a handful of Representatives from the Eastern fringe or border of our country, while the woolgrowers are represented by a multitude from almost every section, and have a voting power there that, when it comes to altering the tariff, will place the manufacturing industry completely at the mercy of the representatives in Congress of the woolgrowing industry. In the event of a conflict or a tariff war between these two branches of an American industry, the result should be obvious to anyone with average common sense.

Four years' experience of the free-wool Wilson Act showed that the American woolgrower can never profitably export his wool to foreign markets, and that he is, therefore, entirely dependent upon the home market. It is obvious, then, that if the woolgrowing industry in the United States is ever to be destroyed through the removal of tariff protection, the grower of wool—then having no longer any interest in protecting the American manufacturer, his former customer—will immediately demand, and should have, the benefits of buying cheap free clothing, which he can get by the removal of duty on manufactures of wool.

Now, where would the American manufacturer be with no duty at all? If he could not exist under the Wilson Act with a duty of 50 per cent ad valorem, how could he exist with none? How is he to get any protection if the representatives in Congress of woolgrowers have no interest in protecting the market for these woolgrowers when and because they have nothing to sell?

So the future of wool in the United States depends upon absolute harmony between the grower and the manufacturer on the question of tariff protection for both industries. They must stand or fall together. Neither can thrive nor even live without the other. The policy of both must be a joint offensive and defensive alliance, each protecting the other, with enough duties upon that which each produces to enable him to thrive in competition with foreign competing rivals.

The American manufacturer must have protection because wages paid to labor in Europe are from one-half to one-third less than wages paid for the same efficiency of service in the United States.

The American grower, for the same reason, must have protection, and because of the advantages of the foreign woolgrower, especially those located in semitropical climates which afford the benefit of perennial pasture. These advantages to the foreign woolgrower are so great that without duties at least as high as they are at present, as experience has amply proved, the woolgrowing industry of the United States must perish.

No tariff revision downward on wool can occur without injury to the manufacturing industry, because decrease in wool production means increase in wool prices. Free wool in time, therefore, would result in positive disappointment to the American manufacturer who only wants free wool in order to get cheaper wool.

The question of the future of wool, therefore, is wholly involved in the continuation of tariff protection to the industry that produces wool.

This American industry will probably never expand very greatly above its present magnitude until there shall be such decrease in the wool-producing countries of the outside world as will further raise the foreign price. This is now taking place, and is elevating foreign prices to a level never before reached in the memories of many in the business.

For instance, in Germany, a country which has free wool and protection for manufacturers of wool, the woolgrowing industry is dwindling away, the decrease in sheep in Germany having been 63½ per cent from 1873 to 1900. Germany, without a tariff on wool, can not compete with woolgrowing in the Southern Hemisphere, although the wage scale for the agricultural laborer in Germany is less than in the United States. So the wool industry in Germany, for the lack of tariff protection, is rapidly diminishing, and under like conditions the result here will be the same.

In the Argentine Republic within a few years millions of sheep have perished from disease, and in Australia many more millions have perished from successive years of drought. Until the production of wool in these great countries increases prices will continue to rule high, but high price will stimulate an increase in flocks without which increase lower prices can not be expected.

Under good weather conditions the Southern Hemisphere is capable of greatly expanding its wool production, although it is possible that the causes which diminished the number of sheep in the Argentine Republic and Australia may occur again, and, as in the past, diminish the wool supply with consequent elevation in price.

High prices may in time induce American woolgrowers, and possibly even German woolgrowers, to increase this industry. If that should be the case, the price of wool will fall in proportion to its increased production. But increase in production to be great enough to lower the price must be in a greater ratio than the increase in population, which, of course, means an increase in wool consumption.

Important consideration must be given to the question of tariff revision, as that question is now urged upon the community, and we can not properly estimate its effect upon home industries unless

we give due consideration to the costly consequences of our last experience in cutting down the tariff—in 1894.

In the first place, outside of the partial destruction of the wool industry, which was done to satisfy the demands for free raw material, the woolen manufacturing industry was sadly crippled because the revenue duty upon manufactures of wool was an *ad valorem* duty, and this is easily evaded.

The late Judge Lawrence, president of the National Association of Wool Growers, who was perhaps better informed on the wool question in all its aspects than any other man, estimated the value of imported woolen textiles in the year 1896 at \$70,000,000, although invoiced at only \$32,450,000. He quoted before a congressional committee circulars giving prices for woollens in Germany, with a note on the bottom that a reduction of 20 per cent would always be made on these prices for export to the United States.

One of the disadvantages of *ad valorem* duties was that honest importers who entered their goods in the custom-houses of the United States at actual cost were at a disadvantage and in unfair competition with those who entered them fraudulently, and at much less than actual cost.

The most serious abuse of the *ad valorem* feature of our 1894 customs laws was practiced through the German methods of consigning goods to their own houses in the United States. These goods were invoiced at much less than value, and—after they had passed through the custom-house—the real and true value of the goods was obtained when sold, so that, in a measure, the incidental protective feature of that tariff law became a dead letter, which was worse than free trade, in so far as all importers were not on the same “square deal” basis.

If there had been specific duties, or even no duties at all, the dishonest would have had no advantage over the honest importer, but under the *ad valorem* features of the Wilson Act the tricksters were able to drive out of competition those who wanted to do a fair business. It was no wonder, then, that *ad valorem* duties were denounced by free traders as well as protectionists. The late Judge Lawrence also said:

The *ad valorem* system of the Wilson Act is the most damnable system ever created on this earth to aid rascals.

Grover Cleveland, with his usual foresight and rugged honesty, foresaw that the Wilson tariff act was to be a serious blunder, and he refused to sign it, but with his characteristic flaccidity he permitted it to become a law without his signature. The result was that this method of tariff revision cost the nation in actual loss through industrial depression and prolonged period of business stagnation and panic more than the whole cost of the civil war.

The conflagrations of Boston, Chicago, and San Francisco might have occurred annually and done less harm, caused less loss to the American people, than was caused by the tariff revision downward in 1894.

Grover Cleveland, with his keen insight and premonition of what its disastrous results were to be, was guilty of a crime in not vetoing this Wilson bill. He was so shocked with the evident discriminations in favor of some industries and against others that in his letter of

July 2, 1894, in which he refused to give his signature to the tariff revisions as exemplified in the Wilson bill, he said :

It may well excite our wonder that Democrats are willing to depart from this, the most Democratic of all tariff principles, and that the inconsistent absurdity of such a proposed departure should be emphasized by the suggestion that the wool of the farmers should be put on the free list while the protection of tariff taxation is placed around the iron ore and the coal of corporations and capitalists.

Yet Cleveland permitted the bill to become law and withheld his veto, and thus, I say, shared in the crime of 1894.

If the tariff act of 1867 had continued, with its 12½-cent duty, we would now have produced all the clothing wool needed for the use of our mills instead of producing to-day only about 45 per cent of it.

The protective policy can not be maintained without the aid of the woolgrowers, but there is another consideration which should appeal to the people of the United States as a reason outside of political consideration for maintaining by means of the policy of protection the wool flocks of the United States—that is, “the necessity of domestic wool as a munition of war.”

Imagine our condition if we destroy our flocks and so become dependent on British colonies for our wool supply. Having no mercantile marine, our wools from Australia are being carried to-day under the British flag. In case of trouble with England, what would be our predicament? We would be without wool, which is as important to us as a munition of war as it is to our personal comfort.

Possibly it would bring the importance of the matter more plainly before you if I allude to the difficulty which the Southern Confederacy had from that cause, which quickened the breakdown of that rebellion. But that was a small matter in serious peril in comparison with what happened to General Washington's army. There had been no pretense of uniforming his first troops. The only regiment that was uniformed at all at that time was the red-feather militia regiment from Philadelphia—wearing “imported” cloth.

Previous to the Revolution there was not a wool factory in America. Clothing was made from yarn spun in the household. The women spun the yarn, and the itinerant weavers, mostly from Yorkshire, England, did the weaving on hand looms. The only mills in the country were fulling mills, where goods were sent to be finished.

When Washington crossed the frozen Delaware in a snowstorm and fought the Hessians at Trenton his troops were in threadbare and ragged clothing. They were wearing homespun they had started from home with when they enlisted.

At Valley Forge 4,000 of Washington's soldiers were relieved from outdoor duty because they were practically naked. At the time Washington doubtless reflected on the importance of woollen factories as a home industry necessary to provide munitions of war. This thought must have been present with him ever after, for his first official act after becoming President was to sign a protective tariff law.

If it could not be done otherwise, the people of the United States could, as a matter of wise public policy, well afford to pay for the maintenance of domestic flocks out of the public treasury, but this is unnecessary, for the sheep can be maintained through the operation of a protective tariff.

By the tariff revision in 1894 under the Wilson Act, the stab was worse because it removed the duty on wool at a time when the world

was producing annually a surplus that was almost equal to the wool production of the United States.

Messrs. Hellmuth & Swartze, of London, in their circular of March, 1896, stated that there were over 220,000,000 pounds increase in the world's production of wool during the four years preceding that time. Hence the lowest prices on record.

This has a bearing upon the future outlook for wool, for to some extent, as the result of a period of current high prices, the industry may be again stimulated, and the world's production of wool may some day rapidly increase. In Australia it is already increasing.

It certainly will in the United States if we come back to the condition that existed under the tariff law of 1867. During the last four years of that law the number of sheep in the United States increased 25 per cent, and the increase was only checked by the tariff revision downward of 1883, when the duties were reduced from 12½ cents per pound to 10 cents in the next four years.

Owing to the influence of this decrease the flocks of the United States had decreased nearly 18 per cent owing to tariff revision downward, which lopped off 2½ cents a pound from the duties of the previous tariff act of 1867.

We, however, can never expect such a rapid increase in the flocks of the world as occurred previous to the discovery of the refrigerating process, by which means millions of carcasses of sheep are now frozen and sent from the Southern Hemisphere across and through the Tropics to the Northern Hemisphere and distributed in good condition throughout Europe.

Before this process was discovered the ewe lambs were kept for purposes of increase, and even the males were clipped until old age made them valueless. Although the rapid increase of flocks was halted at times by periods of drought in Australia and disease in the Argentine Republic, recovery then was more rapid than it ever will be again, for the reason that the export demand for frozen sheep, and especially for lambs, in countries of sheep production is increasing with leaps and bounds.

I will quote some facts collected by Dr. J. M. Wilson, president of the Wyoming Wool Growers' Association: It is very evident that the human race is now consuming larger quantities of mutton than ever before and that the use of mutton is increasing more rapidly than the use of beef. The increased consumption of mutton is the principal reason why the number of sheep in the United States does not increase in proportion to the number of beef cattle.

Mr. Justice then read the following statistics:

Sheep in the United States:

January 1, 1880.....	40, 765, 900
January 1, 1905.....	45, 170, 423

An increase in twenty-five years of 10 per cent.

Beef cattle in the United States:

January 1, 1880.....	21, 231, 000
January 1, 1905.....	43, 669, 443

An increase in twenty-five years of 105 per cent.

Population of the United States:

1880.....	50, 155, 783
1905 (estimated).....	81, 000, 000

Increase in twenty-five years of 61 per cent.

The speaker continued:

In 1880 there was nearly forty-two one-hundredths of each beef animal for each person; in 1905 there was nearly fifty one-hundredths of each beef animal for each person. If each beef animal produces 500 pounds of beef, in 1880 there would have been 210 pounds of beef for each person; in 1905 there would have been 250 pounds of beef for each person, showing an increase of 40 pounds per capita in beef cattle, or, in other words, beef cattle increase faster than the population.

The increase in sheep in the past twenty-five years, as previously stated, was only 10 per cent. If the increase in sheep had been proportionate to the increase in population, there should now be over 70,000,000 head of sheep, and as there are only about 45,000,000 there should be added to the present number more than 25,000,000 to keep up the same ratio of sheep to the population that existed in 1880.

The wool clip of the United States in 1905 was 295,488,438 pounds. There was imported in 1905 246,821,389 pounds. It is very evident, therefore, that we are not raising enough wool to supply our own requirements, but have to make up for the deficit by larger importations.

To produce the amount of foreign wool imported last year would require, in addition to our present flocks, over 38,000,000 head. To raise enough wool for our own use would require 20,000,000 more sheep to make the ratio of sheep to population the same in 1905 as it was in 1880. Or, in round numbers, we should have 90,000,000 sheep, practically double the present number.

If each sheep would furnish 50 pounds of mutton, and all the sheep we had in 1880 had been killed, there would have been 40.6 pounds for each person in the country. In 1905, if all had been killed, there would have been only 27.2 pounds for each person, thus showing a loss of 13 pounds per capita as between 1880 and 1905.

As previously stated, we are eating up the sheep that ought to be left on the farms for purposes of increase, and these conditions exist in many other countries of the world.

All the above goes to show that wool prices are high because the increase in population is at a much greater ratio than the increase in sheep. The increased consumption of mutton is without parallel in the history of food products, being practically 400 per cent in sixteen years. We have the slight increase of 10 per cent in sheep as against the great increase of 61 per cent in population, and the latter is accompanied by the enormous consumption of mutton as food. The increase in consumption, figured from the central western markets of the United States, is six and one-half times as great in sixteen years as the increase in the population in twenty-five years.

It is not within human foresight to point to the particular dates, and it would not be within reasonable prophecy to say what month of the year wool prices would be higher or be lower, but the wool-using people of the world are gradually making up their minds that until wool production can more closely approximate increasing wool consumption than it does to-day cheaper wool the world over is not yet in sight.

These are facts that have an important bearing upon the outlook for wool.

Prices to-day throughout the world will average higher than for a generation, and this will act as a great stimulant for increasing the number of sheep, notwithstanding the fact that the increase is greatly

hindered, as previously stated, by refrigerating process, by recurring epidemics of disease, and by periods of drought in Australia.

The increase in the wool supply is necessarily slow, and is unlike cotton production, which latter product, when prices are high, can be expanded rapidly by doubling the acreage.

When cotton was so high a few years ago, it was being cultivated in every available piece of land, even by the roadside in public highways. But this condition could not occur with wool.

Between 1895 and 1905 the estimated decrease in the number of sheep has been so great as to affect the wool production of the world to the extent of the entire wiping out of a quantity equal to two whole years of American wool production. That is to say, in 1895 there was more wool grown than the present supply, plus a quantity equal to the American clips of 1904 and 1905. To-day the cards have caught up to the sheep shearers.

Meanwhile the world's wool-consuming population has been rapidly increasing, so that, as regards the world's wool consumption and supply, the candle is being burned at both ends; that is to say, production has decreased and consumption has increased. The result of this is high prices.

A higher plane of prices, therefore, must prevail until wool production, stimulated by high prices, can increase enough to catch up to consumption.

Unlike 1895, when there was a surplus being produced, to-day there is not enough being produced, and prices would have gone up out of sight were it not that manufacturers have been using up the surplus wool carried forward from overproduction of previous years.

Then again human ingenuity is stimulated by the high prices for wool, to discover means of blending other fibers with wool, so that comfortable clothing, having the appearance of having been made of wool, can be produced at a low cost.

The wool clip of the world can be approximately arrived at by measuring the wool that, as merchandise, is carried as commerce to the world. The portions that are consumed at home in the countries of production can be approximately arrived at, but there is no method yet discovered for making a reasonably accurate estimate of the amount of substitutes that are now current.

This is the unknown quantity that for the present completely baffles the efforts to calculate the real amount of raw wool actually used in each year.

If manufacturers, as a rule, were to attempt to carry the heavy stocks that it was their practice to carry when wool was cheap, the present actual scarcity of wool would be accentuated, and much higher prices than are now current would prevail.

Dealers who collect wool from the growers and distribute it among the manufacturers now realize not only the wisdom, but the necessity of leaving the wool as long as possible in the hands of the producer to be carried by him at his expense.

There are two reasons for this—the high cost for wool involves the use of much more capital to handle the same quantity as before when wool was cheaper, and again, since the fire in San Francisco, insurance rates have been increased, so that the burden of carrying wool is now heavier. There seems to be a reasonable and conservative, and, I

think, a wise effort on the part of all who recognize the shortage of the supply, to resist all efforts to concentrate it in a few hands.

This process may avert a boom in wool, which, if inaugurated while prices are at the present high level, must in the end be disastrous to all interests.

A subject which must necessarily be considered as part of the general question of the wool outlook is the effect of a financial panic and industrial depression upon wool prices.

There have been periods of panicky conditions, of depressed and falling prices, when the supply apparently was short, and when it seemed as though a wool famine was imminent, so that the decrease in production and the increase in consumption may not always immediately act as price-lifting levers.

In brief periods of industrial depression, such as must come after any great economic disturbance—like that of tariff revision downward, for instance—prices can not be sustained, even in the face of a short supply, for the laws of supply and demand under those conditions are always temporarily put out of joint.

Over a series of years, however, without any extraneous disturbing influence, the laws of supply and demand will keep wool on a much higher plane of prices than the average of the past ten years.

The wool question in the United States is closely connected with conditions in the rest of the world, and, so long as we produce less than half of our consumption, the foreign prices with the duties added must ultimately control domestic prices.

At present, in Europe, notwithstanding the full new clip of the Southern Hemisphere and of Europe is just now available, or, in other words, the foreign supply is at its greatest for this year, manufacturers there seem to have difficulty in obtaining an ample assortment. We can, therefore, naturally conclude that the maintenance on the present plane of prices, at least in foreign markets, will be continued until either a larger supply or a greatly decreased consumption again causes the accumulation of a surplus.

U.

PROTEST AGAINST THE COMMERCIAL AGREEMENT WITH GERMANY, ADDRESSED TO THE PRESIDENT BY THE TEXTILE IMPORTERS' ASSOCIATION.

OFFICE OF THE TEXTILE IMPORTERS' ASSOCIATION,
31 Nassau Street, New York, July 1, 1907.

To the President of the United States of America,

Washington, D. C.

SIR: The Textile Importers' Association was organized "to advance the interests of trade and commerce through the uniform and equitable administration of the tariff laws, to reform abuses resulting in the execution of these laws, to prevent frauds, so far as possible, practised upon the Government through undervaluations, and to disseminate information respecting the customs laws and orders or changes made in connection therewith.

The foregoing are the purposes of the organization, and from the character of our business we are naturally interested in the provisions of the commercial agreement with Germany, recently concluded. After studying the articles of that agreement in the light of actual commercial experience, we are satisfied that its operation is fraught with great danger to the interests of American merchants and manufacturers and also American workingmen. Because of this belief, we take the liberty of offering this protest against the commercial agreement referred to, and tender the following expression of our views as a justification therefor:

An attempt has been made by the special interests which will be benefited by this agreement with Germany, by those who are earnestly and no doubt conscientiously in favor of tariff revision, and also by the pronounced enemies of the principle of protection to American industries, to make it appear that all those (including this association) who oppose the commercial agreement are opponents of the demand for tariff revision. This attitude has been taken by some designedly and by others erroneously. We wish to emphasize this fact, for fact it is, that the proposed changes in the customs administrative system must not be confused with the proposition to revise the rates of the Dingley tariff law. Some there are who forget, or assume to, that no matter what the tariff rates may be, so long as they are based upon a combination of specific and high ad valorem duties, a customs administrative law such as we now have will be a necessity; and, further, unless the provisions of that law be ample to check the tendency to undervaluation, American commercial interests will be constantly harmed and the revenue of the Government seriously impaired.

Those who are in favor of a reduction of duties in the present tariff have as much to lose by the operation of the commercial agreement with Germany as those who oppose any such reduction. It is not a question of rates we are considering, but the principles of the law under which the rates shall be levied and the methods to be employed for determining the value of foreign merchandise imported into this country. These are questions wholly apart from tariff revision. Breaches in the tariff system which will be the result of the operations of this commercial agreement will undermine the tariff system itself. They can not be construed as a legitimate answer to the demand for tariff revision.

Paragraph A of the diplomatic note of April 22, 1907, covered in Article II of the commercial agreement, provides that—

Market value as defined by section 19 of the customs administrative act shall be construed to mean the export price whenever goods, wares, and merchandise are sold wholly for export or sold in the home market only in limited quantities, by reason of which facts there can not be established a market value based upon the sale of such goods, wares, and merchandise in usual wholesale quantities, packed ready for shipment to the United States.

This provision we regard as the crucial point in the entire agreement, and consider that all the other features are subordinate to it. If, as has been said on behalf of this agreement, the United States under it gains a remission in duties of \$6,664,000, while the remission in favor of Germany, after giving her all the advantages possible under section 3 of the Dingley Act, is only \$208,168, it must be palpable that Germany has secured some advantage or concession that

would balance these apparently unfair and diverse conditions, or why should she enter into the agreement at all?

Germany was the complainant in this case. It was she who demanded that certain concessions be granted to her, even to the extent of threatening a tariff war if her wishes were not complied with. Is it reasonable to suppose that after making her pretentious demand for new tariff arrangements she would be satisfied with a solution of the difficulties which would leave the financial advantages entirely on the side of this country?

Germany has secured an undue advantage. It is the one for which she has been struggling for a long time; it is the one which she has been seeking by every means in her power; it is the one that every American importer who has sought to buy goods in the German market knows that Germany has been working to secure for a number of years; it is the one which Germany has striven for, because she is a consigning and not a selling nation. She prefers to consign her goods to this country, enter them at her "export price," and then compete in this market with direct or purchasing importers and American manufacturers. American merchants know that the advantages lie entirely with Germany under the "export-price" feature. As a demonstration, the imports from Germany during 1906 were \$136,000,000, largely consigned; a reduction of 10 per cent under the "export-price" system would be \$13,600,000; if a larger percentage, a corresponding increase. Assuming only a 10 per cent reduction, all our advantage, as indicated in the statement issued by the State Department, is wiped out.

On February 20, 1906, a bill was introduced in the House of Representatives by Hon. J. Van Vechten Olcott, which had for its object the general amendment of the customs administrative act. In this bill was contained a provision to make the "export price" the basis of dutiable value. This bill was fathered by the consigning interests, and if it was not suggested outright by German influences, the solicitude exhibited toward the bill by those influences would give fair ground for believing that they were its sponsors. The House of Representatives refused to make any such change in the law.

When a hearing was had on the Olcott bill by the Ways and Means Committee on February 23, 1906, Mr. W. Wickham Smith, supporting the bill, and speaking of the "export-price" provision, said: "We found that proposition raised so much hostility that, although we are not prepared to state it is not sound, we have abandoned it for the present." Another speaker, supporting the bill, speaking on "export price," said: "First, * * * the law says the man shall pay on the home-market value, which may be determined by a small wholesale purchase. Our committee (Merchants' Association) in this hearing to-day is not questioning that part of the law, because that is settled. We did have a suggestion concerning it, but we found it developed so much opposition that, as a matter of policy, we deemed it advisable to withdraw it."

The "export price" of the Olcott bill and the "market price" of the commercial agreement are to all intents and purposes the same. They represent the same idea for which Germany has been combating for a long time; and the point to which we wish to call attention is, that she has now secured this long-sought concession through the

commercial agreement, although her efforts to obtain it through the American Congress have always failed. In addition, we believe significance is attached to this fact—that when the Olcott bill and similar legislation have been proposed, the merchants of this country, knowing of the pendency of such legislation, have been in a position to make their opposition known, and with such telling effect that in the case of the Olcott bill its own progenitors were forced to abandon their support of the “export-price” clause. Further, the Congress, being apprised of the wishes of the people, defeated the attempts to destroy this elemental feature of the tariff system.

In the case of the commercial agreement, the country was kept in ignorance of its provisions, and those whose interests were most vitally concerned were thereby prevented from making known or carrying into effective form their opposition to it. In fact, when its provisions were indicated by a leading financial and trade organ (and the publication of the agreement proves, with accuracy), one of the American commissioners to Germany, who had arranged this agreement, informed this paper that the information published by it was in error, so evident was the effort to conceal the real facts from the public. We most respectfully but firmly protest against such a method of accomplishing commercial or any other character of agreements, whereby the rights and interests of American merchants can be impaired, as we believe ours have been in this case, and no opportunity or occasion offered to us to make our views known in advance of the consummation of arrangements between this and other governments.

The very nature of our tariff system, involving, as it does, the specific and high ad valorem features, renders it necessary to have a definite basis of dutiable value. If it were feasible to entirely eliminate the ad valorem method of levying duties, their imposition could be reduced to an exactitude which would obviate much of the contention between the importer and the Government: and, more important, remove the ever-alluring temptation to fraud that the value system provokes.

We would also suggest the great difficulty under existing law of doing exact justice to the merchants and workingmen of this country unless we have a basis of dutiable value which will protect them in their investments and wages. This basis of dutiable value has been determined upon as the actual market value or wholesale price in the country from which the goods are exported. Why this basis should be the market value instead of the export price must be so self-evident to everyone familiar with commercial practices as not to require any argument in explanation or justification of the basis set into and recognized in the law. In order that there may be no doubt that the market value only should be considered, the customs administrative act provides in section 11 that “it shall be lawful for appraising officers in determining the dutiable value of such merchandise to take into consideration the wholesale price at which such or similar merchandise is sold or offered for sale in the United States.” the idea being to carry the process of investigation into the question of market value as far as the facilities of the Government will admit.

The change from “market value” to “export price” contemplated in the commercial agreement is a radical one. It will not suffice to

answer that the recognition of the "export price" by our appraisers acting under this agreement will only refer to merchandise sold wholly for export, or sold in the home market only in limited quantities. The policy of the German market has been to consign its goods, and in the furtherance of this policy it has refused to sell outright to our merchants; when they have offered to buy they have been told that the German merchants preferred to sell the goods through their own agents in this country, duty paid. Does it require any keen insight into the practices prevailing in the German market to understand why its merchants prefer to sell duty paid rather than direct?

If a German manufacturer producing an exclusive article or a combination of manufacturers decide to market certain goods for export only (and this is what they have been doing already), thus preventing the ascertainment of a "wholesale market value," and bringing their products directly under the operation of paragraph A of the diplomatic note, they will expect that the "export price" they place upon such goods will be accepted by our appraisers, for this would seem to be a fair interpretation of the language of the agreement. Goods bought outright in the foreign market or manufactured in this country would have to compete with these "export-price" entries, and it is the results of such competition that are not contemplated with equanimity by our merchants.

At the hearing before the Ways and Means Committee of the House of Representatives before referred to it was stated, and not denied, that Marshall Field & Co., the house that pays a larger amount of duties to the Government than any other in this country, had been estopped from buying goods in the foreign market and made to suffer an unfair competition because certain importers of the consigning class were able to land merchandise here at a lower figure than could an honest direct importer. How easy it has been made under the commercial agreement for a German manufacturer to say that he does not wish to sell to a direct importer, setting up the plea that a certain line of goods has been prepared and is intended for export only, ship these goods to his agents in the United States, and enter them at the "export price," which, according to the terms of the agreement, would be recognized as the market value.

What these German manufacturers have heretofore been attempting to do by every device known to their brilliant commercial minds they will be able to accomplish under this agreement. It may be said that the provisions of the agreement affecting customs administration apply to all other countries as well as to Germany. And the answer is that Germany, being at this time the principal consigning nation, has a great and immediate advantage to her credit. The policy indicated in the agreement will also have the effect of leading the merchants of other countries to adopt the same tactics as have distinguished the German market, and if such a result develop, the inevitable effect will be to restrict direct importing into this country. We shall be made a market for the consigned produce of foreign nations, American merchants will be driven from business, and American manufacturers will also suffer. There is little appreciable difference between legalized undervaluation, which is the synonym of the "export-price" principle, and a tariff for revenue only or practical free trade.

If those who framed this commercial agreement had called into consultation representative American merchants who import largely they would have learned that it is impossible to purchase certain goods abroad, because the foreign manufacturer prefers to consign them here. They would have learned that constant temptations are held out to American importers to agree to some scheme of undervaluation, on the plea that some houses are doing it, the undoubted purpose of this foreign manufacturer being to have the American importer join him in a conspiracy to undervalue, in the confident belief that this means a larger sale of his merchandise in this country. People, some of whom do so from interested motives, and others because they do not understand conditions, inveigh against the so-called severity of our customs laws. But he who has had practical experience with the application of those laws to commercial affairs knows that their drasticity is due to the necessity for preventing frauds upon the Government and the people.

Believing that the question of "market value" constitutes the primary element of the commercial agreement, it is upon this section that we rest our protest.

P. B. WORRALL, *President.*

WM. A. PRENDERGAST, *Secretary.*

The foregoing protest was adopted and ordered transmitted to the President at a meeting held June 28, 1907.

WM. A. PRENDERGAST, *Secretary.*

V.

SHALL BUSINESS BE DISRUPTED BY IMMEDIATE TARIFF REVISION, OR SHALL WE "STAND PAT?"

[Reply of Theodore Justice, director of the American Protective Tariff League, to the address of William R. Corwine, secretary of the New York committee of the American Reciprocal Tariff League, delivered March 8, 1906, before the board of directors of the Trades League of Philadelphia.]

To the members of the Trades League:

The board of directors recently mailed to the members of the Trades League, for their information, an address delivered under date of March 8 by Mr. William R. Corwine, secretary of the New York committee of the American Reciprocal Tariff League. Mr. Theodore Justice, one of our members, and a former member of our board, has prepared a reply, which is likewise submitted herewith for the information only of the membership.

To the Trades League, Philadelphia, Pa.

GENTLEMEN: The address by Mr. William R. Corwine, secretary of the New York committee of the American Reciprocal Tariff League, delivered before the Trades League, printed and circulated by the latter, contains matter that makes it necessary to call the attention of the Trades League to Mr. Corwine, and the motives of the association which he represents, whose title, being a close counterfeit of the American Protective Tariff League, may lead to confusion in

the minds of many, who may not know that the objects of these quite different associations are exactly opposed to each other. The American Protective Tariff League is organized and operating to build up and defend American industries, whereas the effect of the present active work of the American Reciprocal Tariff League is to break them down.

Mr. Corwine maintains close relations with Mr. Gustav A. Schwab, of the North German Lloyd Steamship Company, of whom more hereafter, and both gentlemen were active in the organization of the American Reciprocal Tariff League, organized in Chicago, August, 1905, the control and operations of which association are practically in the hands of these two gentlemen.

As Germany is the most conspicuous and most successful protective tariff country in Europe, and in some respects in the whole world, the new German tariff law is attracting universal attention, as it puts up her own tariff in order to force down that of ours. The reciprocity convention, held in Chicago last August, was largely inspired by this new German tariff, and that convention surrendered American to German ideas, and resolved to memorialize Congress to enact a new tariff law similar to that of Germany, with maximum and minimum rates.

The American Reciprocal Tariff League, with its headquarters in Chicago, and the Merchants' Association of New York work in absolute harmony in their efforts to break down the American tariff system in favor of Germany. The Dingley Act, which embodies the American system, has promoted our manufacturing industries to such a degree that the people of the United States are the wonder and envy of the world. This Mr. Corwine's associates are trying to upset in order that Germany may benefit by it.

EFFECTS OF DINGLEY ACT.

There is not now, nor has there been, any widespread demand here for change in our tariff law. Of course no tariff law is perfect. The Dingley Act corrected the errors of the Wilson and McKinley acts, and is probably as near perfect as any tariff law we shall ever produce. Human ingenuity could not frame a tariff law that would suit everybody, and if we revised the tariff now there would at once again be a clamor for its further revision by some dissatisfied faction. The law we have has worked so well, on the whole, that even leading Democrats acquiesced in it until stirred to activity by such agitators as Mr. Schwab and Mr. Corwine. Under the Dingley Act our foreign commerce, for the fiscal year ending June 30, 1906, will reach approximately \$3,000,000,000, with a balance of \$600,000,000 in our favor. We never before had commerce even approximating this great volume. Surely such a tariff law is good enough to keep.

The President of the United States has been most emphatic in expressing his views upon the matter, and they are to the effect that when a tariff law is working reasonably well, as it is now, it ought not to be disturbed, unless the benefits to result from a change will manifestly outweigh the acknowledged disadvantages.

President Roosevelt's earnest desire to avoid unnecessary disturbance to business is shown in his last public speech, in which he states,

"in addition to honesty we need sanity. No honesty will make a public man useful if that man is timid or foolish; if he is a hot-headed zealot, or an impracticable visionary, for the wild preachers of unrest and discontent, the wild agitators against the existing order, the men who preach destruction without proposing any substitutes for what they intend to destroy or who propose to substitute far worse than the existing evils—all these men are the most dangerous opponents of real reform. If they get their way they will lead the people into a deeper pit than any into which they could fall under the present system."

"More important than all else is the welfare of the wage-earner, the welfare of the tiller of the soil, and upon these depend the welfare of the entire nation."

Who can doubt that he had the tariff rippers and advocates of reciprocity in competing articles like Argentine wool and French hosiery in his mind when he uttered in his famous "muck-rake speech" these forcible and extremely applicable words.

CUSTOMS REGULATIONS.

The Merchants' Association, by arrangement of the western concern, has charge of the eastern territory, and both organizations, I am informed, are quite successful in obtaining funds for advancing the policy which they represent, which may be defined as follows:

Tariff revision, reciprocity in products which we ourselves produce, and the nullification of the administrative acts of the tariff, which, Von Buelow recently remarked, would be more useful to German exporters than any reductions in the Dingley schedules could possibly be.

Changes in the customs, rules, and regulations are sought in order that they may cripple the customs policy of the United States, partly in the interest of foreign-owned trans-Atlantic steamship lines, of importers and traders in foreign products, and to the detriment and injury of domestic producers. They seek to make such changes in our customs regulations as would make it more easy for foreign articles to enter the ports of this country, and particularly those of German make.

Honest importers, who are giving correct returns of the valuation of their commodities, are interested as much as are the revenue officers of our Government in seeing that there shall be no undervaluation by dishonest importers, who want the administrative acts changed in order to make possible systematic undervaluation. These administrative acts which they attack, provide the machinery to prevent roguery of this kind, and the American people insist on keeping this machinery in motion. We must be wary to see that those who wish to avoid the payment of proper duties do not use the Trades League to further their ends.

It has been charged that the present and most active policy of these organizations (their legislative schemes having failed) is to prevent the nomination and election of protectionist Members of Congress. There is evidence that they propose to canvass every corner of the United States, and they seem to have begun their work in Philadelphia with the Trades League. They admit that they are putting reading matter to this effect in the leading agricultural papers, and

paying for it at the advertisement rates. It is therefore impossible to escape the conclusion that tariff tearing legislation, and its consequent disturbance to business, is to be forced to an issue by Mr. Corwine's associates in this year's congressional campaigns.

Among the principal backers of the opponents of protection in this line are the trans-Atlantic steamship companies, the western packing industries, the makers of agricultural implements, and other exporters who seek to expand a foreign market, which at present takes only 3 per cent of our entire production, there being a far better market at home for the other 97 per cent of it.

ACTIVITY OF FOREIGN STEAMSHIP COMPANIES.

Now, let us see whom Mr. Schwab and Mr. Corwine represent. Mr. Schwab represents a German steamship company that wished to throttle our efforts to build up an American mercantile marine, so essential as an auxiliary to our navy.

An officer of his line recently called the attention of an American passenger to the fact that the splendid fighting ships of our navy are all underofficered and undermanned, and that in case of war we have no trained auxiliary resources to fall back upon.

They are desperately afraid that the United States will at last supply to its merchant marine, through subsidy, that protective policy so wonderfully successful with the German mercantile marine (which is the most heavily subsidized in the whole world) and also with the tariff-protected manufacturing industries of the United States.

They know, as do all other foreign ship owners, that if the United States does adopt that policy, the foreign monopoly, to which we pay out \$1,000,000,000 every five years for carrying our commerce, every dollar of which should be earned by Americans, and which monopoly now grips the throat of American commerce, will be broken, consequently these powerful foreign steamship companies are doing everything they can to delude Congress, and baffle the efforts of President Roosevelt and others who seek to create a great American shipping industry.

The tariff has so stimulated our steel and iron industries, that we are now exporting bridges and locomotives on a large scale. Some one has recently said that a steel steamship is practically a bridge with a locomotive inside of it, which, in a rough way, illustrates our readiness to build up a mercantile marine just as soon as Congress applies to it, through the ship-subsidy bill, the system of subsidies that has built up the mercantile marines of not only Germany, but of France and England as well.

The British Government has practically advanced to the Cunard Company the whole cost of building their newest big ships, in order that Great Britain may have their use, as auxiliary to its navy, in case of war. Contrast with this our deplorable condition with no auxiliary ships at all for use in case of foreign war.

The real character and aims of foreign shipowners may be conjectured from the fact that one of the German steamship companies, the Hamburg-American Company, took two of their fastest steamships out of the New York service during our war with Spain and deliberately sold them to the Spanish Government to burn, sink, and destroy the commerce of the American people, whose patronage had

rolled up enormously the company's dividends. Our soldiers in the meanwhile were crowded like cattle in such old cast-off tubs as, by straining international laws to the breaking point, we could procure, and while our Government was embarrassed in every way for lack of American ships, fast steamers were transferred from the German mercantile marine to assist our foe and to defeat our army and navy. One, if not both, the ships sold by the Hamburg-American Line formed a part of the squadron with which Admiral Camara sailed from Cadiz to strike Admiral Dewey at Manila.

At the same time the German squadron, under Von Deiderichs, at Manila was harassing Admiral Dewey in every possible way to the verge of actual hostilities. It is stated, and I believe it to be true, that both the Hamburg-American and the North German Lloyd are largely controlled by members of the imperial family and the Imperial Government of Germany, and that they are virtually a branch of the imperial naval reserve.

Thus has the whole elaborate German imperial programme aided the German mercantile marine, involving not only grants to trans-Atlantic lines, but often the carriage, at only actual cost on German state railroads, of material for use in German shipyards. The offering of preferential railway rates on goods exported by German ships and the interference with the passage through Germany of immigrants holding tickets by other than these German lines are parts of this practice. These German steamship companies are, you will see, in one way or other the creatures of governmental favor, and this is the nation that Mr. Corwine would persuade you Americans should favor commercially.

Mr. Corwine comes before you to urge special tariff reductions on imports from Germany in exchange for rates that have been marked up in order to offer a marked-down concession. This is not such reciprocity as American exporters have been seeking.

The only way to meet it would be to follow the German example and enact a law increasing the rates now in force, to be used only against nations who make reprisals on us, so as to make concessions to friendly nations that would not fall below the present Dingley Act rates of duty. As Secretary Shaw has so often and so well expressed it, "Germany offers to treat the United States as well as she treats other friendly powers if we will in return treat Germany better than we treat any other friendly power." To make such an agreement with Germany would be equivalent to a commercial alliance and discrimination against every other commercial rival of Germany.

On February 18 Prince von Buelow, the imperial chancellor, sent to the Reichstag a bill for the extension of the United States tariff, because he, at least, realized that in case of a tariff war with the United States much of the merchandise now and heretofore passing between Germany and the United States would still continue to be handled by us through free-trade England, without any increase in duty, but instead of being carried, as now, in German ships would be carried in British bottoms.

GERMANY NOT TO WRITE OUR TARIFF LAWS.

Baron von Sternberg learned in Washington that the United States were not to be bluffed by Germany, and would not permit Germany to write the tariff laws of the United States.

A canvass of the Members of Congress showed clearly that they would not submit to German reprisal, but that they would enact something like the McCleary bill, giving to Germany the same minimum tariff rates that were given to England, who buys more of us than all the rest of the world put together, and would then apply a penalty of 25 per cent to German imports of all kinds, whether now free or dutiable, if Germany discriminated against the United States. Such retaliation would hurt Germany more than it would hurt us.

The German threat of declaring a tariff war against the United States was therefore dropped, and will not now be carried into effect.

The contention of Mr. Corwine that "it is clearly up to us in the next sixteen months to adopt a tariff policy which will enable us to make permanent our present trade relations with Germany," is a poor bluff, and is a contention based upon the single fact, perfectly obvious to those who will take the pains to grasp the situation in all its aspects, that Germany was certain to be the chief sufferer in a tariff conflict with the United States, and therefore could not afford it, and would not adopt it. Mr. Schwab and Mr. Corwine both know this very well. Our imports from Germany consist almost exclusively of manufactured articles which we can produce in our own factories, or buy as well in free-trade England.

Our sales to Germany for the most part are materials, such as cotton and copper, which Germany must have and can not obtain from any other country.

The position of the United States has at all times been an impregnable one. All we had to do was to state that Germany was to be treated exactly on the most favorable basis of any other nation, but not any better than England, our best customer, and then let Germany do the worrying, which she has done. Finding that she could not compel us to accede to her desires, she has backed down, and will always do so when our position of equal fairness to all countries is not deviated from. The McCleary policy of a minimum and maximum tariff, with the Dingley Act as the minimum, but with a penalty of 25 per cent additional duties on the imports from any nation that discriminates unjustly against the products of the United States, is a policy that will always win popular support, as its mere introduction into Congress has recently done.

TO FORCE GERMAN COMPETITIVE PRODUCTS INTO THE UNITED STATES.

What Germany seeks is to force a wider opening for the entrance of her competitive products into the United States. Our splendid market of 85,000,000 people, who are the most liberal purchasers on earth, was her main objective. The accomplished fact of the American protective tariff system has been to raise the standard of living in this country, which makes this big market of 85,000,000 people the best market in the world. This market is what Germany is striving for, and the trade treaties negotiated between her and other European nations were minor affairs. Those countries could not take much more than they had been taking, while, on the other hand, if the American tariff could be broken down, Germany's sales to this country would be doubled, trebled, or even quadrupled, a prize which Mr. Corwine and Mr. Schwab and all other German representatives here see is worth striving for.

They have worked the German scare for all it was worth, and as the event has proved, for much more than it was worth.

Mr. Schwab and Mr. Corwine called together a reciprocity conference in Chicago, and the result of that movement was the organization of the American Reciprocal Tariff League, whose main object in its short life so far has been to frighten the western farmers into fits at the prospect of losing the market in Germany for their food products.

As has been previously stated, they were able to secure the strenuous cooperation of the Merchants' Association of New York, the entire Democratic press of the United States, German manufacturers, and American free traders, and a number of Republican newspapers who for a time were deceived into helping along the movement to break down the American tariff system. But the determination expressed by the McCleary bill, with the Dingley tariff as a minimum, and a tariff penalty of 25 per cent additional as a maximum, to be used only as a reprisal against nations warring upon us, has enabled the American people to hold for the present the American market for the benefit of American labor and American industry.

AMERICAN TARIFF NOT TO BE BROKEN DOWN TO PLEASE GERMANY.

The American tariff must not be broken down to please Germany and her American reserves of free traders, tariff revisers, and reciprocarians, but Americans must ever continue to write American tariffs to suit American and not German interests.

From the testimony of the expert United States special agents who work in German territory it has been thoroughly demonstrated that in no respect is the German customs policy so reasonable and fair to American shippers as is the present policy of the United States to German shippers. A square deal to all is the United States' practice.

Neither in Germany nor in any other country is there an independent board of appraisers such as the United States employ, but on the contrary in Germany the customs officers are arbitrary and indulge in all sorts of unreasonable acts calculated to impede the introduction into their markets of American commodities. They find trivial excuses for excluding American horses, apples, and hog products, which latter are the most carefully and scientifically prepared for export of any similar products in the world. If therefore we have any favors to grant to foreign nations we should give them to England, our best customer, who welcomes our exports, and not to the German nation, which inclines to prohibitive duties upon so many American articles similar to those Germany herself manufactures or produces.

There is nothing that comes from Germany that we can not get elsewhere, and there is nothing that we sell to Germany, in case she piles up a prohibitive tariff against our exports, that we can not indirectly sell to Germany through other countries to whom Germany allows her minimum rates.

THAT THREATENED COMMERCIAL WAR VANISHES INTO THIN AIR.

The proposed prohibitive German duties upon many of our products, which we are exporting to Germany in increasing quantities, as Mr. Corwine clearly states, if carried into effect, without doubt,

"would, under the new system, have borne so heavily upon some of the products of our soil as to have been burdensome to us," but this is not so very alarming, for Germany can not afford to go into a tariff war with the United States, for whatever she ceases to buy of us she must buy elsewhere, which to some extent would make an opening and a market elsewhere for these American products.

Mr. Corwine speaks of the German Tariff Commission, composed of experts, which made an exhaustive study of the subject of German trade. Their present tariff bill was formulated as the result of this study, and after considerable discussion in the Reichstag became law over a year ago. Germany (hoping to frighten our timid people) immediately gave notice to the United States that it would become operative the 1st of March, 1906.

When our Congress failed to take any notice of the situation, and when the German officials discovered that a penalty of 25 per cent in retaliation was more than likely to be imposed on all German exports to this country, including many which are now free, they discovered that the United States had called Germany's bluff, so they laid down their cards, and the commercial war into which, in his view, we were drifting, and which was so graphically portrayed by Mr. Corwine in his address to the Trades League, vanishes into thin air.

THAT BROAD AND ENLIGHTENED POLICY.

Mr. Corwine quotes President McKinley as stating that "only a broad and enlightend policy will keep what we have. No other policy will get more." That enlightened policy, in its perfection, is surely the policy of the Dingley tariff act, for under it our average annual imports in the first two fiscal years of this act were valued at \$656,599,071, and the annual average of the last two fiscal years, ending June 30, 1905, were \$1,054,300,221, an increase of \$397,701,150, or over 60 per cent, but Mr. Corwine endeavors to make us believe that in order to sell to a country we must buy from her. Let us see if this is true.

We sold to foreign nations during the first two fiscal years of the Dingley tariff act an annual average of \$1,229,252,876 worth of merchandise. But, during the last two fiscal years of the Dingley tariff act, ending June 30, 1905, we sold to foreign nations merchandise, the annual average of which was \$1,489,694,468, an increase of \$260,441,592, or over 21 per cent. This is the "broad and enlightened policy" to which President McKinley alluded, which for the year ending June 30, 1906, will probably reach \$1,800,000,000, or, as before stated, \$600,000,000 worth more will be sold to foreign nations under the Dingley tariff than we will buy of them. Is not this policy better than any other that we can adopt when we find our competitors, like Germany, going almost to the verge of a commercial war to force her surplus productions into new markets?

RECIPROCITY.

Mr. Corwine advocates "reciprocity treaties in harmony with the spirit of the times," but the reciprocity which he and Germany propose is the reciprocity on such competing articles as Germany can produce at a lower cost than we can. This was not the McKinley

idea of reciprocity. In effect it would be free trade, which McKinley opposed with all his force. As an illustration of the only kind of reciprocity that Americans should ever adopt, we should take free from Brazil her coffee, which we do not produce, in exchange for the free entrance into their market of American flour, which we do produce.

Any other sort of reciprocity in competitive products is tariff reduction. Tariff reduction is price reduction; price reduction is wage reduction. Germany desires reciprocity in woolen hosiery because she can make it cheaper than we can, for she pays only one-third the wages that are paid in the same industry in the United States. Such reciprocity would mean lack of employment for those of our people now employed in manufacturing underwear for approximately 85,000,000 people, and as fast as you throw out of employment the labor employed in such vast industries you precipitate business trouble, and when you multiply these troubles, as was done by the Wilson Act for tariff revision in 1894, you produce panic.

Mr. Corwine speaks of the failure of the Senate to ratify the reciprocity treaties with the Argentine Republic and with France. He failed to tell you that the Argentine treaty failed because it was so drawn as to be a serious menace to the very life of the wool industry of the United States. Reciprocity in wool would be a move toward free trade in wool, which was tried with such disastrous effects in Grover Cleveland's Administration. The French treaty was not ratified, because it was found that with it we would have freer trade in hosiery, which would have ruined a very important American industry. It is very well to propose reciprocal treaties, for the word reciprocal sounds soothing and attractive, but when you go into details and come to examine them, you soon find you are against a proposition to cripple an important American industry. This is what President McKinley in his Buffalo speech especially warned us not to do.

DANGER IN TARIFF REVISION.

In three months after the Ways and Means Committee of the House of Representatives begins to revise the tariff on the lines recommended by Germany through the secretary of the New York committee of the American Reciprocal Tariff League, symptoms of a financial panic would appear, which might be a worse panic than any this nation has ever known. This is because prices through the long period of abounding prosperity have reached such heights that they would now have further to fall to the free-trade level than ever before.

Those who advocate reciprocity insist that we must invite importations if we wish to increase our exportations. The figures quoted above, showing the actual commerce of this nation, disprove this assertion.

They urge that if we place the tariff on some articles sufficiently low to insure a greater influx of foreign goods the doors of trade will automatically open to us, and we will have an abundant outlet, but an examination of the records shows nothing to justify this claim.

Never in recent years has there been a period of low tariff that has not resulted in less importations, nor a period of high tariff that has not resulted in larger importations. This is because when our

people are prosperous, as they are to-day under the Dingley tariff act, they buy everything in sight and send abroad for more.

When they are suffering from the effects of the tariff for revenue only, or from unwise reciprocity, they are unable to consume, and therefore import little.

Whenever the American people buy their woolens, and their iron and steel, and their articles of everyday consumption abroad, American producers of those articles are out of employment, and our consumptive capacity is reduced to a minimum.

For the four fiscal years of high protection in operation previous to the free-trade Wilson law we imported for consumption an average of \$12.21 per capita. During the next four years of the revised Wilson tariff, giving credit for the great influx of goods in anticipation of the higher rate of the forthcoming Dingley Act, we imported only \$10.81 per capita—a loss of over \$1 per capita. During the last fiscal year of the present Dingley Act we imported for consumption merchandise valued at \$13.44 per capita, and this year we have increased our importations of articles for consumption over last year. If this record continues throughout the year, giving credit for our increase in population, we will import for consumption material worth nearly \$16 per capita.

Never in the history of the United States did our people consume so many dollars' worth of foreign goods, and never in the history of the world did any people ever consume so many dollars' worth of domestic goods as we are now consuming. Is it any wonder, then, that President Roosevelt and Speaker Cannon "stand pat?"

What wonder is it then that all sorts of insidious efforts are being made by representatives of foreign interests to build up organizations, like the American Reciprocal Tariff League, in order that foreigners may share with us what we are now enjoying under the Dingley tariff act?

Prospering as we did under the old McKinley Act, we imported in the fiscal year of 1892 \$12.50 per capita and exported \$16.51 per capita. Two years later, when the tariff had been revised on such lines as were recommended by the secretary of the committee of the American Reciprocal Tariff League, who has so recently addressed the Trades League, we imported \$3 less per capita, exported \$2.75 less per capita, and consumed $2\frac{1}{2}$ bushels less wheat per capita than was consumed under the McKinley Act.

This comparison gives some illustration of how the nation prospers under what you would be led to believe was a system of Republican protection, which is so often denounced by free traders as fraud and robbery.

The Secretary of the Treasury, Mr. Shaw, has just stated that the country is now being flooded with literature urging that we treat those best who treat us worst.

We are asked to reduce our tariff for the benefit of those countries which increase theirs, and let those who take our goods in greatest quantities pay the full rate. "The present tariff act," he says, "has given the American producer, artisan, and farmer such advantages in the American home market that we actually sell to each other more than twice as much as the aggregate international commerce of the

whole world." Is there any reason in this for upsetting this happy condition?

The Dingley tariff act has made possible our marvelous development, until the finished products of our shops and factories equal those of any other three countries on the map, and our daily wage pay roll exceeds that of the balance of the globe.

SELLING AT LOWER PRICES ABROAD.

Speaking of the attacks upon the tariff, the Secretary of the Treasury says, "it is based mainly on the fact that we sell some products in foreign markets at lower prices than we obtain for them at home." This seems to act like a red flag to a bull, and the American people seem not to understand that while our industries are so stimulated by the tariff at times there must be moments of overproduction, and our surplus has then to be sold in foreign markets at whatever it will fetch there. This process of running full time, even at the risk of producing a surplus, cheapens products to the American consumer, for if our mills made only the goods that could be consumed at home, the cost to the American consumers would be increased. For instance, a great American carpet mill when running full time will make more carpets than can be sold to the American people, but by doing so the cost of production is lessened, for the reason that fixed charges are the same when they run three-quarter time as when they run on full time. Assuming that by running three-quarter time they could make all the carpets they could sell in the United States, the cost per yard under these circumstances would be increased 5 cents, whereas, by running full time the cost per yard is decreased 5 cents to the American consumer. The unsalable surplus portion is dumped on the London market and sold there at cost or less. This immediately sets up a howl on the part of those Americans who are seeking an excuse to rip open the tariff, because we sell cheaper abroad than at home.

STEEL RAILS.

The Dingley tariff act has been denounced because of the report that steel rails produced in the United States are sometimes sold abroad at lower prices than in American markets. Therefore the absurd proposition is advanced that because of this fact the Dingley tariff act promotes trusts and should be immediately repealed.

E. H. Gary, chairman of the board of directors of the United States Steel Corporation, in his recent testimony before a congressional committee, which was investigating this subject, stated that "the charge made against his corporation of having sold 100,000 tons of steel plate to Belfast shipbuilders at considerably less than the domestic price was not true. His corporation had sold no such amount of steel."

He stated that the facts were these: The corporation sold 3,000 tons of steel plate abroad in 1904, but none in 1903 nor 1902.

He went on to show that the export price for rails made in and exported from Great Britain, a free-trade country, was \$25 per ton, or nearly 21 per cent below their home price, which was \$31.50.

On the other hand, in the United States the home price was \$28, and the United States export price nearly \$26, the export price being slightly under 8 per cent below the price charged home consumers as against an export price of nearly 21 per cent less than the home price in free-trade England.

The home price in Germany and Belgium was \$30, and their export price \$24, or 20 per cent less than their home price. The home price in France and Austria-Hungary was \$31, and their export price \$25.50, or 18 per cent less than their home price.

What seems to affront those who want the tariff revised is the fact that the American export price, like that of the rest of the world, is also below the home price. To satisfy this class, who would rip open the tariff in order to lower domestic prices to the level of foreign prices, we would have to close American factories for a period until American wages could be reduced more closely to the European level. All must admit that American rails can not be exported without loss in competition with European rails when the latter are made by labor receiving fully one-half less than that paid to American labor.

In view of the established fact that nearly all of the benefits of the protection of the Dingley tariff act go to labor, how can the tariff be revised downward and our mills be kept running on full time at the scale of wages prevailing under the Dingley Act, and at the same time compete abroad with foreign rails, often receiving a government bounty, as in Germany, the export price for which rails is nearly 21 per cent less than their home price? Considering that Great Britain is a free-trade country, and Germany has a very high protective tariff, and with an export bounty besides, and also considering the fact that in both of these countries the difference between the export price and the home price is greater than in the United States, will the Reciprocal Tariff League explain how revising the tariff downward will alter established world-wide conditions showing greater differences between home and export prices in foreign countries than in the United States?

The claims that the Dingley tariff act is responsible for charging a higher price to home than to foreign consumers and that tariff revision downward is a remedy for a custom that is world-wide and practiced in both free trade and protective foreign countries are both ridiculous and false, and to persist in these claims is neither fair nor manly.

The effect of "tariff revision downward" would be to destroy American industries, injure American labor, and crush out American competition, which would end in a foreign monopoly of the home market.

COMPARISON OF PRICES.

Below is the schedule presented by Mr. Gary to a committee of the House of Representatives comparing present "free on board" mill prices on iron and steel with home and export prices in the principal countries producing these articles.

Comparison of present f. o. b. mill prices with domestic and export prices on iron and steel in the principal producing countries:

Country.	Rails.			Structural material, including shapes, plates, bars, angles, and tees.		
	Home price.	Export price.	Percentage of difference.	Home price.	Export price.	Percentage of difference.
Great Britain	\$31.50	\$25.00	20.97	\$1.60	\$1.35	15.60
Germany	30.00	24.00	20.00	1.50	1.25	16.66
France	31.00	25.50	18.00	1.05	1.45	12.00
Austria-Hungary	31.00	25.50	18.00	1.50	1.85	10.00
Belgium	30.00	24.00	20.00	1.55	\$1.35 to 1.40	11.30
United States	28.00	\$25.00 to 26.60	7.86	\$1.60 to 1.70	1.10 to 1.50	12.12

NOTE.—The above is a copy in part from page 292, "Hearings before the Committee on the Merchant Marine and Fisheries of the House of Representatives on Senate bill 529."

But Secretary Shaw calls attention to the fact that Europe encourages the maintenance of two distinct schedules of prices, a higher one for their domestic or home consumption and a lower one for export. He says there is scarcely a manufactured article in all Europe that can not be purchased from 10 per cent to 25 per cent cheaper for export to the United States than for domestic consumption in countries of production. He quotes in confirmation of this George Paish, editor of the London Statist, the greatest economic journal in Europe, who was Mr. Shaw's guest in this country.

Secretary Shaw introduced him to an audience that he was addressing, and Mr. Paish sat on the platform. In the course of the discussion Secretary Shaw made the assertion that every European Government, except England, encourages the sale of merchandise abroad at lower prices than at home. He added that he was not certain as to the attitude of England, and referred the question to Mr. Paish, who promptly replied that "England does not encourage it, but the British people practice it." Americans alone, of all the people in the world, complain that goods are sometimes sold abroad cheaper than at home. Those who do the most harm in these attacks upon the tariff in unsettling business are Republicans, who profess to believe in the principles of protection, but who are led through the influence of such men as Mr. Corwine to denounce the successful application of protection. If the tariff were opened with the intention only of crossing a "t" or dotting an "i," it would be impossible for the managers to keep it from being distorted, so that until it was finished no one could tell what sort of tariff we would then have, nor would they know how much business would be disturbed until after the harm was done. Even then, if a new tariff was made, as has always been the case, there would be a lot of people who would be angry about it, because the changes which were made some might think should not have been made, and others would have been angry because such changes were not made. Thus we are ever bound to have tariff agitation and demands for tariff revision that will act as disturbances to business, so that there is more safety in letting alone a law that is working so much better than any we have ever before had than in trying doubtful experiments. To-day the most active of

the small handful of disturbers, like Governors Cummins, of Iowa, and Guild, of Massachusetts, who are asking for tariff revision, as a reason for this, point to a few rates in the Dingley Act as excessive, while the average of all the goods that are dutiable under this act is only in the neighborhood of 45 per cent.

A SAMPLE OF THE NEW GERMAN TARIFF.

Secretary Shaw calls attention to the moderation of the Dingley Act in comparison with the new German tariff, where the rates were advanced 50 per cent in her minimum tariff and 210 per cent in her maximum tariff. On some articles she increased her minimum tariff 67 per cent, her maximum tariff being increased 210 per cent. She increased her minimum tariff on wheat flour 40 per cent, and her maximum tariff on this 157 per cent. She increased her minimum tariff on fresh beef 80 per cent, and her maximum tariff on this article 200 per cent. She increased her minimum tariff on salted and pickled beef 100 per cent, and her maximum tariff 250 per cent. She increased her minimum tariff on high-grade boots and shoes 38 per cent, and on these articles she increased her maximum tariff 177 per cent. She increased her minimum tariff on bicycles and parts thereof 300 per cent, and her maximum tariff on these articles 525 per cent. Germany also took a large number of articles from her free list and imposed minimum and maximum duties thereon. Yet we find plausible free-trade agents asking us to reduce our tariff for the benefit of this same Germany, requiring at the same time full rates on her imports from such countries as receive our goods free. Will the Trades League allow its eyes to be closed by any bunco game that is as shallow as this?

THE DINGLEY ACT A REVENUE PRODUCER.

Tariff revision downward and reciprocity caused such a deficit in the revenue during Grover Cleveland's administration that we were obliged to sell \$262,000,000 bonds to defray the current necessary expenses of the Government.

Duties had been cut down low in order to invite heavier importations, or, in other words, reciprocity was put into practice on competitive products, and while there was enough brought in under the Wilson Act to paralyze our domestic industries and throw millions of men employed therein out of work, there was not enough imported to furnish sufficient revenue, and a deficit had to be met by the sale of bonds. This created distrust and there was a financial panic every year during the existence of that tariff act, and there has been none since the Dingley Act was enacted in its place. Is this any reason for its repeal?

Contrast the Wilson Act conditions with the situation at present. The Dingley Act is proving to be the best revenue producer ever in force. Our increased expenditures are met by increased customs duties and increased internal revenues as well. The year before last it was the Panama Canal payments that depleted the Treasury, and last year the Cuban treaty and a great increase in the appropriation for rural free delivery, but now revenue exceeds our expenditures and at the end of the fiscal year of 1906 there will be a surplus, notwithstanding enormously increased expenditures.

Our imports coming over the top of our so-called "high-tariff Chinese wall" are enormous, because of the prosperity of the people, who, owing to the present tariff, are enjoying full employment at high wages. It would be folly, therefore, to listen to the advice of Mr. Corwine favoring immediate tariff revision and reciprocity of the German brand, when the present law continues to bring such beneficial results, both to the Treasury of the United States and the American people; and the Trades League should be wary of how its funds are contributed to circulate such pamphlets as that which contains his address.

UNDERVALUATION IS FRAUD.

Examine for a moment the attitude of Germany toward the United States, and consider whether the solicitude for Germany on the part of the American Reciprocal Tariff League is warranted. Taking such high authority as that of Secretary Shaw, in his statement before the House Committee on Ways and Means in opposition to the importers' plea for opening hearings in cases of alleged undervaluation, Secretary Shaw quoted liberally from an address recently delivered before the German Chamber of Commerce at Berlin, by the chairman of the meeting, who is one of the largest and most reputable merchants in the whole of Germany, and a record of it was sent to all the chamber of commerce of the realm. In that speech, addressed to a body of representatives from every important manufacturing center in Germany, there was disclosed a plan and policy of undervaluation for exports to the United States of the most deliberate and systematic character. Plainly and without equivocation it set forth that a proposition to undervalue German exports into the United States was not considered fraudulent in Germany. The following statements are from the speech of the chairman: "As a fact, the United States is not dependent for its existence on the collection of duties, and it can afford to allow the falling off of revenues on German goods for their general good.

"It is clear that the purpose of the American tariff is to make the entry of competing articles into the United States as difficult as possible. To carry this out the United States government agents resort to the meanest and smallest measures.

"The first of these is the certification of the correctness of invoices by American consular officers stationed in various districts of the Empire.

"Investigation by the United States customs officers as to the correctness of these same invoices, which have in America the force and effect that an oath would have in the German Empire.

"A reexamination by agents of the Treasury Department in cases where there is reason to suspect undervaluations.

"By the high penalties added for undervaluation.

"We admit that an actual swindle is incorrect in any business transaction, but undervaluations of German goods for the purpose of entry into American ports should not be treated as such unless fraud is positively proved. American customs officials treat undervaluations as fraudulent and apply the penalties.

"Our goods have been exported to the United States and to England as well, we all admit, at lower prices than those in the home

market in Germany, and there have been in some cases low values made that in the United States would be termed fraudulent.

"Information gained under the Dingley tariff regulations concerning the cost of production has been thwarted through the prudence of our German officials, who have taken care that investigations of this character shall throw little light on the actual value of their consignments to the United States.

"In many cases trouble has been avoided by having invoices consulated remote from districts in which the goods are manufactured. But we must follow up this whole question as to the rights of consular or other American officers to pry into our business for the sole purpose of keeping our merchandise out of the United States.

"In this we are assured of the cordial support of the Imperial Government.

"If we stand together firmly as a body, aided and supported by our German boards of trade, we can bring about a change that will be of untold benefit to our American export trade.

"Now, mark you," says Secretary Shaw, "from this German standpoint it is not a fraud to undervalue, but from the standpoint of the Dingley tariff act it is a fraud to undervalue." "Market value as defined under American law is the wholesale price at the time of export." "The trouble with the United States Treasury Department lies in the fact that Germany having two sets of prices—a lower one for export and a higher one for home trade."

Mr. Corwine has pointed to the fact that branch factories in Canada have been erected by American manufacturers, which shows, in his view, that the United States tariff ought to be revised. Just what effect the revision of the tariff would have on these factories is not apparent. It is the Canadian tariff that needs to be revised to effect any change in this policy. It is not the Dingley tariff act that has moved the factories to Canada, but, on the other hand, the Canadian tariff, which is a copy of our own. The Dingley tariff act has worked so admirably for the United States that Canada has copied it for Canada. Does Mr. Corwine think it possible that Canada would cut down her tariff for the purpose of getting these factories to move back to the United States? When the McKinley tariff went into effect, a number of the factories were erected in this country by Englishmen, who found they could better afford to supply the demands of the American people for certain lines of goods by making them here, rather than to make them in England and pay the McKinley tariff duties upon them to get them into this country. The McKinley tariff was enacted for the purpose of bringing about this condition of affairs. In the same way the Canadians have passed a tariff bill that is intended to increase Canadian manufactures. Instead of trying to get them to repeal their tariff in favor of the United States, it would seem to be a wiser thing to endeavor to so adjust the tariff of the United States as to compel the manufacturing of goods in the great home market in this country, by increasing the tariff where necessary, as Germany is doing, as is illustrated by her increase of 300 per cent in the minimum and her increase of 525 per cent in the maximum duties upon bicycles and parts.

Without opportunity to fully examine the views which Mr. Corwine so adroitly expounds, and to determine their fallacy, many of the members of the Trades League might believe it impossible to escape

his conclusion that tariff revision is a burning question to be pushed in this year's congressional campaign.

The Trades League should advocate commercial stability and tranquillity and not encourage experiments in line with those that have been tried and which resulted in disaster, disaster which so often by public men, it has been said, cost the American people more than the whole cost of the civil war.

Z

ARGUMENT OF THEODORE JUSTICE, OF JUSTICE, BATEMAN & CO., PHILADELPHIA, PA., BEFORE THE COMMITTEE ON WAYS AND MEANS, JANUARY 6, 1897, IN FAVOR OF THE REENACTMENT OF THE MCKINLEY WOOL SCHEDULE.

WEDNESDAY, January 6, 1897.

Mr. JUSTICE said: Mr. Chairman and gentlemen of the committee, I am neither a woolgrower nor a manufacturer, but as I have been both I am possibly somewhat qualified to speak of the interests of both; but still I do not appear here to-day in the interest of either the woolgrower or the manufacturer—that is, in the interest of one more than the other. I particularly desire to be heard in the interest of the man who has not yet appeared before your committee—that is, the consumer. There are 70,000,000 of them.

The subjects which I have arranged to speak upon here are arranged in order. The matter is printed. I shall not attempt to read it. It is prepared for your committee. But I thought it would facilitate your arrival at just conclusions if I call your attention to some of the facts which you, not being experts, possibly might find of value.

The wool question is a difficult one for most men to understand, and an object lesson, a sort of kindergarten, will perhaps make it more plain than an elaborate article read from manuscript.

I propose to discuss the consumer, and to show how he has been injured by free wool, owing to the removal of the McKinley duties in one schedule alone. I propose to show that while the consumer has received the benefit of 93 cents per capita in cheaper clothing, by reason of the removal of the duty on wool, he has been crippled in his purchasing power nearly \$6 per capita, in order that he may save 93 cents.

I desire to show how woolgrowing has been destroyed by the Wilson law and how the destruction of the industry has been checked by Mr. McKinley's election. I wish to discuss the importance of domestic wool as a munition of war.

Schedule K of the McKinley tariff was misunderstood. The erroneous impression has prevailed in the public mind that the McKinley law was too high. It was not a Chinese wall. It was not a prohibitory tariff; under it the American people reached the highest point of prosperity. We had under it a higher degree of prosperity than any other nation in the world. I wish to show our experience under four different tariff laws during sixteen years. I will show the

effect upon sheep husbandry during these periods of adequate and inadequate protection. In making a new law you will have the benefit of the experience of the past four laws. There were two periods under the last four tariff laws when we had adequate protection. If you will examine them you will see where the line should now be drawn between adequate and inadequate protection.

I will allude to the world's supply and its effect upon prices. I wish to show how American protection raised American prices and lowered foreign prices at the same time for wools of the same kind and quality; and also to show, in opposition to that, how free trade lowered American prices and advanced the foreign prices of wool of the same kind and quality.

I wish to speak of carpet wool, and of compensatory duties on woolens especially. These samples are arranged to illustrate the relation of compensatory duties to raw wool, a subject most difficult for laymen to comprehend. I desire to speak on the subject of shoddy.

Mr. EVANS. Would it be any trouble to speak on that subject first, compensatory duties?

Mr. JUSTICE. No, sir; only that it might confuse the systematic arrangement of my papers.

Mr. EVANS. You may not have time to speak fully on that when you get to it in the regular order.

Mr. JUSTICE. Anything I fail to have time to fully discuss you will have access to later on in my printed argument.

The matter of shoddy is one which, possibly, I can now pass over because it eloquently tells its own story in the papers submitted and requires no samples with which to illustrate it.

I also wish to show how the McKinley law was framed by a convention of both growers and manufacturers, every one of whom was an expert in his line. I wish to show how, with the exception only of Judge Lawrence, they agreed on that law unanimously. There has never been a more perfect schedule than Schedule K of the law of 1890, and with all due respect to this committee I do not hesitate to say there will never be a better one; barring a few changes in rates to suit present conditions, there should, in my opinion, be no other changes. No other tariff schedule has ever been framed by men so many of whom were experts. Major McKinley stated to the convention which framed Schedule K that if they would agree upon it unanimously it should go into the bill.

I propose to conclude my remarks with a draft or suggestion of a new tariff law that is adjusted to the altered conditions of the times, and that will represent McKinleyism. McKinleyism as I understand it means the recovery of lost industries. It means to the American producer enough duty upon imports to put him on equal terms, and no more, with his foreign competitor.

There is an impression that the equivalent of the duties imposed upon the imported manufactures of wool go into the pockets of the domestic manufacturers. I propose to show that with wages 50 per cent lower in England than in America and 60 per cent lower in Germany than in America (which of course means that wages are 100 per cent higher here than in England and 150 per cent higher than in Germany) that 50 per cent ad valorem duty, only one-third of which is collected, is inadequate to protect our mills to-day. That is one of the causes of their present idleness. Another cause is the de-

creased purchasing power of the people. If you will permit me to briefly allude to these subjects I will dispose of them as rapidly as I possibly can.

LOSS TO THE NATION IN PURCHASING POWER.

The first subject to which I wish to call your attention is the loss in one year's purchasing power of the American people by the changes in Schedule K alone, which resulted in a loss in purchasing power to this nation of \$426,250,000 on the lowest estimate of statisticians. On an estimate of others it is \$4,000,000,000—the cost of our civil war. I adopt the lowest estimate, the estimate of the late General Walker, of Massachusetts. I have arranged this in debit and credit form so you will understand it.

In 1892 (before the McKinley law was menaced with repeal, and before its influence was discounted and it became a dead letter), the American people produced 145,000,000 pounds of clean scoured wool, and the average value was 55 cents (including the finest and the coarsest). In the year just closed, 1896, America produced 115,000,000 pounds of scoured wool, the average value of which to-day is 30 cents per pound. The removal of the wool duty has lessened the value of scoured wool 25 cents a pound. The 55 cents a pound on the clip of 1892 brought the American woolgrower \$79,750,000. The clip of the present year brought him \$34,500,000. The decline in the amount of money which the American woolgrower received for his wool in 1896 as compared with 1892 was \$45,250,000.

The CHAIRMAN. If you will pardon me right there for making an interruption, I would like to ask, Was that decline confined to the United States alone?

Mr. JUSTICE. Yes, sir.

The CHAIRMAN. There was no decline in the foreign wool-producing countries, taking, for instance, the London market?

Mr. JUSTICE. I am speaking of the loss to the American wool-grower.

The CHAIRMAN. The question was as to whether there were other causes for the decline aside from the removal of the duty.

Mr. JUSTICE. No, sir; the foreign markets advanced; and if they had not the loss here would have been much greater. Prices for Port Phillip wool in London have advanced 30 per cent since Mr. Cleveland issued his second-term inaugural message.

I was approaching the loss to mill hands in the year 1896. The census of 1890 showed that the people working in woolen mills earned annually about \$80,000,000. The mills in 1896 were running less than half time and therefore there was less than \$40,000,000 actually earned. Manufacturers will testify that the consumption of wool in 1896 was less than half of the consumption of raw wool in a normal McKinley year. Therefore there was a decrease of over \$40,000,000 in the wages of the mill operatives and a decrease of \$45,250,000, as stated before, in the value of the wool to the grower. That makes \$85,250,000 that was lost to two classes of labor, viz, the woolgrower and the woolen-factory laborer. It has been stated that wages earned by laboring men circulate ten times during a year, and that money earned by farmers from the proceeds of farm products circulates five times during the year. I am willing to assume that wages earned

by mill hands circulate no more during the year than those of the farmers and therefore we will multiply by five this \$85,250,000 loss in purchasing power by two classes of people alone to show what has been the loss in the purchasing power of the American nation from the reduction in the wool schedule alone. It reaches the enormous sum of \$426,250,000. This is partly the cause of the depression existing everywhere to-day. Everybody has suffered from this decreased purchasing power of the nation. If you distribute this \$426,250,000 among 70,000,000 people, it amounts to a decrease of purchasing power of about \$6 per capita.

Of course, they are entitled to a credit arising from cheaper clothing through the placing of wool on the free list. If you take what has been saved by the reduction of the cost of scoured wool, amounting to 25 cents a pound, you have saved \$65,000,000 in the cost of clothing and have lost \$426,250,000 in purchasing power. The 70,000,000 people which I stand here to represent have saved 93 cents each, but have lost about \$6 each.

I have thus far dealt with the question only as it affects the per capita consumer. I now wish to treat it as it affects the woolgrower alone. The loss to the average woolgrower in the State of New York between the McKinley price for his wool and his sheep and the free-trade price to-day is \$430 to each woolgrower. He is entitled to a credit for what he saves on his clothing. I will allow him eight suits of clothing annually for his family, each suit containing 3 pounds of scoured wool, or 24 pounds of scoured wool, at 60 cents, the McKinley price for wool above the average quality. The cost of 24 pounds at the Wilson law price is 30 cents. He has saved by free wool \$7.20. The net average loss, therefore, by free wool, is \$422.80 for every grower. This is how free wool affects these consumers, and to a lesser degree all other consumers. I have an additional evidence of loss to consumers in a letter which I will come to further on—a woolgrower in Texas, who writes that in 1891 he received 21 cents in Texas for his wool, and the year before last, 1895, only 4½ cents, and last year, 1896, less than 4 cents. He has furnished me with his accounts of sales to produce, if desired. His wool was sold in St. Louis. He states that all the woolgrowers in his part of Texas had decided not to breed their ewes, but to fatten all their sheep and sell them to the slaughterhouses. Since McKinley's election, and under the promise in the St. Louis platform of "the most ample protection" to sheep husbandry, they are again breeding their ewes and preparing to increase their flocks.

WOOL AS A MUNITION OF WAR.

I would speak of wool as a munition of war. Imagine our condition if we destroy our flocks and so become dependent upon British colonies for our wool supply. Having no mercantile marine, our wools from Australia are being carried to-day under the British flag. In case of trouble with England what would be our predicament? We would be without wool, which is as important to us as a munition of war as it is to our personal comfort. Possibly it would bring the importance of the matter more plainly before you if I allude to the difficulty which the Southern Confederacy had from that cause; but that was a small matter in comparison with what happened to Gen-

eral Washington's army. There had been no pretense of uniforming his troops. The only regiment that was uniformed at all at that time was the red-feather militia regiment from Philadelphia, wearing imported cloth. Previous to the Revolution there was not a wool factory in America. Clothing was made from yarn spun in the household. The women spun the yarn and the itinerant weavers from Yorkshire did the weaving on hand looms. The only mills in the country were fulling mills, where goods were sent to be finished. When Washington crossed the Delaware in the ice in a snowstorm and fought the Hessians at Trenton his troops were in threadbare and ragged clothing. They were wearing what they had started with from their homes when they enlisted. At Valley Forge 4,000 of Washington's soldiers were relieved from outdoor duty because they were practically naked. At the time Washington doubtless reflected on the importance of woolen factories as a home industry necessary to provide munitions of war. This thought must have been present with him ever after, as his first official act after becoming President was the signing of a protective tariff law.

MCKINLEY LAW WAS NOT TOO HIGH.

Now, I wish to speak of the McKinley law, which has been regarded by many who were not well informed as "a great high Chinese wall—a prohibitory tariff." The uninformed public had that impression. It was not true of Schedule K. Under the first three years of the McKinley law (and I consider it was practically repealed after March 4, 1893, when Mr. Cleveland issued his message), we imported wool and woolsens to the annual average value of \$56,300,000, upon which the duties were over \$42,000,000. Could it have been a Chinese wall? Could it have been a prohibitory tariff if all these goods were imported in spite of it? What was the result of the so-called "prohibitory tariff" to the American people? In one year after the McKinley law was passed the average value of clothing was cheaper than ever before, and so was wool. I now come to the question of the experience with four different tariff laws, to which I would like to call your attention as the most important portion of my paper. Upon you rests the responsibility of forming a tariff law that will last for many years. All parties are willing to concede something for a settlement that will endure for some years. Mr. Cleveland, I believe, said, among the many other catchwords which have been good things to say, that "the tariff will never be settled until it is settled right." It will never be settled right so long as any clause in it permits the destruction of an important American industry. In making the suggestions which I propose for your assistance in this grave matter I have in view the fact that a large number of our 70,000,000 people are not generally informed on the subject of the tariff question. It is impossible to enlighten them, and therefore I would ask for the very least increase in duties that is necessary to check the destruction of important industries that are being rapidly annihilated by Schedule K of the Wilson law.

I ask for the very least that will start our mills; the very least that will give back to the American people this \$6 per capita, or \$412,500,000, lost to consumers in purchasing power through this one Schedule K, upon which you are to act through the information you

will receive from the gentlemen appearing here to-day and to-morrow. This diagram (p. 164) which I hold in my hand you will see is divided into four periods. The first period comprises the latter part of the tariff law of 1867, when the duty upon wool was 10 cents a pound plus 11 per cent ad valorem on wool costing 32 cents per pound and under, and 12 cents per pound and 10 per cent ad valorem on wool costing over 32 cents per pound. The amount of duty collected on wool of the first class under this law of 1867 was $12\frac{1}{2}$ cents per pound and upward. Under that law our flocks increased with strides and bounds. In the last four years of that law we increased our flocks 25 per cent. In sixteen years more of that law, undisturbed, with $12\frac{1}{2}$ cents per pound duty on unwashed skirted wool of the first class, we would have doubled our clip. If that law had been permitted to continue and the increase had kept on at that rate, by 1895, or soon thereafter, the American woolgrower would have produced 650,000,000 pounds of wool, which is all that is consumed by the American people, including that used in all of our imported woollen goods.

What happened then under similar conditions can happen again. I don't want to cause a shiver by proposing $12\frac{1}{2}$ cents per pound duty now, when the McKinley law imposed only 11 cents. Conditions have changed since the McKinley law was passed. I think that a little lower duty now would produce the same results that that duty produced at that time. I am sure that $12\frac{1}{2}$ cents per pound would return our flocks to where they were in 1893 inside of eight years.

The second division of this diagram covers the operation of the tariff law of 1883, which was, I presume, the worst tariff law in modern times, as far as Schedule K is concerned, ever had up to the passage of the Wilson law. Under it all the finest productions of woollens that the science and improvements of machinery could produce were admitted at a lower duty than was collected upon the cheapest shoddy goods, because the courts decided that the commercial name of such superfine cloths was not woollens, but "worsted." The loss of employment by the American factories under such conditions closed our mills and narrowed the market for wool. Even 10 cents per pound on wool failed to be adequate protection under those conditions. We were without a good home market for our wool. The duty had been reduced from $12\frac{1}{2}$ to 10 cents, but the industry languished, not so much because 10 cents was inadequate as because of the loosely drawn schedules. The custom-house was cheated in a thousand ways. This article, "wool top," [exhibiting a sample] was not named in that law of 1883. It should have paid a duty of 60 cents per pound—30 cents as scoured wool, and double duty because it was changed from the usual and ordinary condition of scoured wool. There was such a schedule that made tops (which had heretofore been unknown commercially except to a limited extent) pay a duty of 60 cents per pound. "Tops" are the result of the first process after carding and combing clean, scoured wool.

Mr. GROSVENOR. It has been said that tops are made out of waste—something that is equivalent to waste—a mere by-product.

Mr. JUSTICE. I was just coming to that. This is the same article. It is top broken up in pieces and commercially named "waste." It was imported as "waste" under the law of 1883. It was broken up by machinery made for the purpose of cheating our Government and in order that its commercial name might become "waste." The

courts have decided that imported articles should pay the duties at the custom-house according to their commercial designation. Silks suitable for many clothing purposes under the tariff of 1883 came in under the commercial name of "hat trimmings," and the Government had a suit about that, involving millions of dollars. This "broken top" came in then under the commercial name of "waste," and hundreds of thousands of pounds of these so-called wastes, but really highly purified and the most valuable form of pure, scoured wool, came in at 50 cents per pound less than their proper duty. To-day this merino scoured wool [showing sample] is worth 30 to 35 cents in London, while this [showing sample] so-called "waste" is worth 37 to 40 cents in London, worth nearly as much as this top [indicating], a partial manufacture of wool. The McKinley Schedule K was so worded as to stop this abuse. "Waste" cases were tried in our courts. The Government claimed a duty of 60 cents per pound and the importers only 10 cents. The manufacturers interested in importing it at 80 per cent less than its proper duty, brought in droves of people from the mills to testify that it was commercially known as "waste." They were shown samples and were asked, "Are you familiar with this?" "Yes." "What do you call it?" They would answer, "Oh, it is waste." A hundred men from the mills were run through the witness stand in almost as many minutes and a few brief questions asked. The testimony was always the same. It was "waste." The testimony of the few who knew that it was top broken up to cheat the Government had no influence, and so the judge decided that, as the weight of the evidence was that it was "waste," the verdict went against the Government and it was admitted as "waste" at a duty of 10 cents per pound. That was one of the abuses of the law of 1883 that caused the wool industry to decline when the duty on unwashed was 10 cents per pound. There could be no satisfactory sale for American wool when you could bring in that valuable article [indicating sample of broken top] at 10 cents a pound duty, instead of 60 cents per pound. It paid only the duty of shoddy, while it was worth 900 per cent more than shoddy. Those were some of the reasons why 10 cents per pound was then inadequate and our wool producers were injured.

The CHAIRMAN. That fraud on the revenue was cured by the act of 1890.

Mr. JUSTICE. It was, but the government loss in revenue had been 50 cents a pound. The decline in the number of sheep under the tariff law of 1883 began to show by 1884, and by 1888 there had been a decrease of 17 per cent in their number. In 1888, when General Harrison was elected, the decline was checked, because the platform upon which he was elected had in it a clause which declared for protection for wool. That clause, I consider, caused him to be elected. Two years before the McKinley law was passed, but under the promise of the McKinley law, with only 10 cents per pound duty on unwashed skirted wool of the first class, the flocks increased. This 10 cents seemed to be adequate then; therefore I differ with Judge Lawrence when he states that 10 cents a pound was never adequate. I say 10 cents when our mills are busy and when there is a good market for American wool is adequate. But when the Judge undertakes to say that the McKinley law was not a measure of adequate protection for wool, I also differ with him and can show beyond any possibility of doubt that both wool and woollens were amply protected

under that law. So far as Schedule K goes, I would be glad to see it reenacted almost without the crossing of a "t" or the dotting of an "i," and if reenacted I believe both manufacturers and growers in less than one year would again prosper as they did before.

I hope to be able to demonstrate that, while the McKinley law was a measure of adequate protection, it was not a "Chinese wall" nor a prohibitory tariff.

The next or third period of my diagram begins in 1888, when Mr. Harrison was elected, and continues from that time up to President Cleveland's second inaugural message. Under the adequate protection of the third period the clips increased 13 per cent, and if that rate of increase had continued until 1905, according to commercial estimates, and until 1915, on the estimates of the Department of Agriculture, America would have produced 650,000,000 pounds of wool, which is the entire quantity we consume.

Now I come to the last period, the period of free trade, in which cries of despair come from every quarter of the land.

When President Cleveland made it known in his inaugural that he meant to continue his assault upon the wool industry, the farmers, knowing that he had both branches of Congress with him, realized that their fate was sealed; and while the price of sheep was high, they were butchered in countless numbers. This diagram in the fourth part shows that the destruction of the flocks began immediately. From March, 1893, to March, 1896, 23 per cent of the sheep had disappeared. This in the short space of less than four years. This is only the estimate of the Department of Agriculture; others, with more accurate means of knowing, make the destruction much larger.

Judge Lawrence has alluded to the estimate of Mr. Snow, who was assistant statistician of the Agricultural Department. This gentleman has access to all of the means for acquiring information possessed by the Government. He made a canvass recently on his own responsibility, and he declares the number of sheep to-day to be only 32,000,000, which is less than I show in this diagram. I adopt for the diagram the official figures, but I believe the commercial figures, based on Mr. Snow's estimate, to be the more accurate. Under the latter we have fewer sheep in the United States to-day than we had in 1865, at the close of the war. (See table following giving number of sheep since 1860.)

[Diagram omitted in this print.]

Number of sheep on hand each year from 1860 to 1897.

January 1—	Number.	January 1—	Number.	January 1—	Number.
1860.....	22,471,275	1873.....	33,002,400	1886.....	48,322,331
1861.....	23,471,275	1874.....	33,934,200	1887.....	44,759,314
1862.....	24,971,275	1875.....	33,783,600	1888.....	43,544,755
1863.....	26,971,275	1876.....	35,935,300	1889.....	42,599,079
1864.....	29,471,275	1877.....	35,804,200	1890.....	44,336,072
1865.....	32,471,275	1878.....	35,740,500	1891.....	44,431,136
1866.....	35,971,275	1879.....	38,123,800	1892.....	44,938,365
1867.....	39,385,386	1880.....	40,765,900	1893.....	47,273,553
1868.....	38,991,912	1881.....	43,576,899	1894.....	45,048,017
1869.....	37,724,279	1882.....	45,016,224	1895.....	42,294,064
1870.....	40,853,000	1883.....	49,237,291	1896.....	38,298,783
1871.....	31,851,000	1884.....	50,626,626	April 1, 1896.....	^a 36,464,406
1872.....	31,679,300	1885.....	50,360,243	January 1, 1897.....	^b 32,000,000

^a Estimate of National Association Woolen Manufacturers.

^b Estimate of W. B. Snow, formerly statistician of Agricultural Department.

This enormous increase, the result of the law of 1867, reached the highest point at the beginning of January, 1884; we then had over 50,500,000 sheep. To-day there are, on Mr. Snow's estimate, which I believe to be correct, only 32,000,000 sheep, a decline of 30 per cent. Under free trade one of the greatest agricultural industries is literally being annihilated. If the destructive influence of free wool is not checked at once we will soon be without wool. In this connection I ask you to again let your thoughts revert to the condition of that patriotic band at Valley Forge. I beg of you to consider what may befall this proud nation under similar circumstances in case of a war with Great Britain. Do not let the lesson learned at Valley Forge be in vain.

Some questions were asked Judge Lawrence, I forget by whom, as to how many years, with adequate protection, it will take before we will be able to restore our flocks to where they were in 1884. The top line in this diagram shows the increase in Australia from 1873 to 1884, when our destruction began, to have been from 280,000,000 pounds of wool in 1873 to 460,000,000 pounds in 1884, an increase of 64 per cent. In Argentina this line [indicating] represents the increase during the same period to have been 35 per cent. In the Cape of Good Hope the increase was 60 per cent. Great Britain, the only country in the Northern Hemisphere which I take for comparison which has climatic conditions like ours, sustained a decline of 19 per cent in her wool clip. In the Southern Hemisphere they have pasture all the year round, and no winter feeding is required. In Great Britain the sheep are fed in winter as they are in the United States. They are fed crops, and crops are labor. It costs nothing for the sunshine to grow crops. The labor of tilling the soil and of harvesting the crops is 90 per cent of the cost of the crops. Allowing 10 per cent for interest and taxes, the other 90 per cent is the labor. Therefore the sheep in the United States and Great Britain during the winter months are fed labor, so to speak. What was the result? England on a free-wool basis could not compete with her own colonies, and there was a decline in her production of wool, as stated before, of 19 per cent. Now, what took place in the United States at the same time? At that time we had the tariff law of 1867, with duties of upward of 12½ cents per pound on unwashed wool of the first class.

It was under this period the last four years of which our wool clip increased 25 per cent. During the years here selected for comparison, which end with the tariff law of 1867, the United States increased its whole clip from 170,000,000 to 340,000,000 pounds. We increased 100 per cent. We beat the world; and what has been done once, under similar conditions can be done again. The duty of over 12½ cents of the law of 1867 shows what adequate protection will do. If 70,000,000 people could be informed of these facts, if we could have access to their patriotism and their good common sense, if they would only read one-half of what has been ably written, they would quickly restore that portion of the sheep industry that inadequate duties have destroyed. This other diagram is the same, except that it goes further, and with the reduction of the tariff to 10 cents in 1883, coupled with those evasions of the tariff before alluded to (which deprived the woolgrower of his home market and resulted in the closing of our mills, when superfine worsted cloths came in at lower duties than the commonest shoddy goods), the effect upon the American wool-grow-

ing industry was quickly shown. It was like the barometer before a storm; we let foreign manufacturers make for us the goods that had heretofore been made here. Every other nation then increased its wool crop. Even Great Britain, whose flocks had previously been declining, as has already been shown in the previous diagram, as soon as her manufacturers captured our markets increased her flocks to supply wool for goods to go to America. Perhaps the only wool-growing country in the Northern Hemisphere where the conditions are at all parallel to ours is England. But their winters are more favorable than ours for sheep raising, for there so soon as the snow melts the flocks can be turned out to pasture. Here our sheep, in the Northern States east of the Missouri at least, have to be fed crops almost all of the winter. Our pastures are frozen dry.

FREE WOOL AND PROTECTION PRICES COMPARED.

We next come to the comparison of prices for wool between London and America, from 1868, the year after the tariff law of 1867 was passed, up to 1891. This is an old paper which I used before the Ways and Means Committee of a former Congress when Mr. Springer was its chairman. I reproduce it because it is pertinent to this question. We take a fine medium fleece of half-blood merino quality and compare it with the New Zealand crossbred of the same kind, quality, and shrinkage. We compare the price in America from 1868 to 1891 with the price in London of wool of the same quality, during all of which period the duty was 10 cents per pound or over, and we find the American price was more than double the London price. In other words, the London price during that period averaged 51 per cent below the American price.

Now, it will be stated that we had a premium on gold during part of that time. That does not appear to have made any difference in this average price, because the period I have taken—from 1868 to 1877, when there was a premium upon gold—shows that the London price was 50.95 per cent lower than the American price; and from 1878 to 1891, the London price, when we were on a gold basis, was 51.32 per cent lower than the American price. The two periods, figured together, show the London average to have been 51 per cent below the American average. I wish to call your attention to that particularly, because in making the new law the question of percentages may be presented by the ingenious free-trade gentlemen on the other side in such a way as to alarm you into a state of semipanic.

[Diagram omitted in this print.]

The tariff question presented in this way seems to give protectionists a sort of chill. I wish to impress upon you the fact that the price of wool in London for this long period of years was less than half the American price, 51 per cent less; or, in other words, the American price was 102 per cent higher than the foreign price. No wonder the flocks increased. Major McKinley is President-elect of the United States to-day because, through good and ill repute, he had the courage to stand up for protection that would protect, be it 50 per cent or 100 per cent. Any duty that falls short of covering the difference between the American and foreign wage or cost of production is only a revenue duty and is not in any sense protection.

The framing of any tariff law that will be permanent must deal with the rapid increase in the world's supply of wool, which, in all probability, will continue at the same rate for ten or twenty years to come.

This table is partly the copy of a chart furnished by Messrs. John L. Bowes & Bro., of Liverpool. In it the wools of the Southern Hemisphere are reduced to the scoured condition, because some of them in scouring shrink 75 and some 80 per cent, and others only 40 and 45 per cent from the grease condition as sold by the grower, and a comparison of the grease condition would be misleading. This condition [displaying a sample of scoured] always determines the price of wool in the grease. The grease price is based upon the yield of scoured wool like this sample [displaying].

The wool clip of Australia alone since 1873, notwithstanding a recent temporary decline on account of a severe drought, shows a steady increase from 110,000,000 pounds of scoured wool in that year to 310,000,000 pounds in 1896, an increase of 200,000,000 pounds of clean-scoured wool, equal to 182 per cent. You see there was a decline of the River Plate for several years, yet an increase from 80,000,000 pounds in 1873 to 150,000,000 pounds in 1896, or 87½ per cent increase in that time. (The diagram contains 72 per cent increase; it should read 87½ per cent.) The Cape of Good Hope increased 43 per cent during the same period. The increase in the world's wool supply decreased the world's wool price. This is indicated here by the inclining line downward [indicating on chart], showing the decrease in price as the result of the enormous increase in supply. In consequence of this prices for scoured wool fell from 55 to 35 cents. Prices fluctuated, and if each separate year were indicated it would require a zigzag line; but the incline, with brief interruptions, is always steadily downward. That enormous increase in the supply is therefore the cause, and the fall in price is the effect. This is the price of wool in 1873 on the left of the chart [indicating]; this is the increase in the supply on the right. Ohio XX wool in 1891, one year after the McKinley law was passed (although the price was lower then than in the previous year), cost 73 cents scoured clean.

In March, 1895, when we began to buy foreign wool freely in London, Ohio XX scoured had fallen to 35 cents in the United States. This was also about the value of wool of the same kind and quality in markets of the world. The same class of wool in London in 1891 was worth under 40 cents, while it was worth 73 cents in the United States; but by February, 1895, after the free-wool bill induced our manufacturers to buy wool in Europe, the price immediately began to go up over there. So you see the increase in the world's supply depressed the foreign price until wool was put upon the free list and foreigners had secured the American market. Skirted Australian wools were then much cheaper landed here than the best American wools. The American woolgrower, unaccustomed as he was to the low foreign prices, refused to sell on the London basis, and our manufacturers turned their backs on him and supplied themselves abroad. Free-trade members of the Committee on Ways and Means (who were in the majority at that time) told the domestic grower that wool prices would be higher under free trade than before, and they were not prepared to take half price. They held their wool; many of them have it yet. The mills are closed, and the moths are

eating it, because there is now no home market for it. Enormous quantities of foreign wool have been bought by the United States, and the effect on the London price was to put it up. It was then thought that the Dingley bill was going to pass; even people outside of the wool trade began to speculate in wool, and manufacturers also purchased in advance of their needs. Of course the effect was shown in the slight rise in price, but many of those who bought their wools in that period of speculative excitement still have it for sale, and it is a question whether foreign moths will destroy it before you can make a new Dingley bill for 1897.

Mr. DOLLIVER. It lies between the moths and the Senate, it seems.

Mr. JUSTICE. It is a race, with the moths at present a good ways ahead.

This diagram shows that the average price of the best bred Port Phillip wool in London, in ten years ending 1894, was 21.70 cents; American XX Ohio (which is not so valuable) for the same ten years averaged 31.22 cents. American wool was worth 9½ cents more in Boston, New York, and Philadelphia than the best Port Phillip wool was in London. That was under a fair tariff. The price to-day of American XX Ohio wool, instead of being 31.22 cents, as it was for the ten years ending August, 1894, is worth 18 cents. (See Chart D in following pages.)

Mr. TURNER. Where?

Mr. JUSTICE. In Boston, New York, or Philadelphia: 18 cents under free trade, instead of an average of over 31 cents under ten years of protection, but on the 1st of April, 1896, this Port Phillip wool [indicating] had advanced in London from 21.70 cents to 24 cents, so that while Ohio XX, washed, under ten years of protection was 9½ cents higher in America than the best Port Phillip was in London, it was 6 cents lower in New York than Port Phillip was in London with free trade in wool in this country.

I repeat, that it may be impressed upon you, that instead of American XX Ohio being worth 31.22 cents, as it averaged during the ten years which ended with 1894, it had fallen on April 1, 1896, to 18 cents, and the best unwashed Port Phillip, which had averaged in London only 21.70 cents during the ten years ending 1894, on April 1, 1896, was worth 24 cents in London. So that under protection XX Ohio wool (less valuable than the best Port Phillip) averaged 9½ cents higher under protection in America than the better wool averaged in London; after eighteen months or about that of free trade the position was reversed and the Ohio wool was worth 6 cents less under free trade in New York, Boston, and Philadelphia instead of 9½ cents more, as it was under the McKinley law.

Mr. TURNER. Can you tell us the price of Australian wool fleece at this time?

Mr. JUSTICE. Yes, sir; 22 cents for Port Phillip superior greasy. It is now worth 2 cents less than in April, 1896.

Mr. TURNER. Where?

Mr. JUSTICE. In London and all over the world. The freight from London to New York is only one-fourth cent per pound.

Mr. TURNER. What would it be in Australia?

Mr. JUSTICE. The freights are about one-half or three-fourths of a cent by sailing vessels; it might not be over one-half to three-fourths of a cent without counting any insurance.

Mr. TURNER. You do not believe what Judge Lawrence tell us, that it is worth 9 cents?

Mr. JUSTICE. I prefer not to discuss what he said. He was not alluding, as I was, to the most valuable quality in Australia.

Mr. TURNER. Tell us what you think it would be, 22 cents less the freight of one-half or three-fourths of a cent for whole fleece?

Mr. JUSTICE. Yes, sir; the difference in freight, not counting insurance, would be the only difference. This Port Phillip wool in London to-day is worth 22 instead of 24 cents, as on the 1st of April, and it would be safe to say that the difference in freight and insurance would be the only difference in price between London and Australia at the same time. There is quick communication by cable, and what takes place in London in the morning is known in Australia before business begins on the same day.

Mr. TURNER. If wool of that kind, whole fleece, is worth 9 cents in Melbourne, it would be worth 9½ cents in Boston?

Mr. JUSTICE. Yes, sir.

SKIRTED FLEECES.

The CHAIRMAN. What is the difference in value between the skirted and unskirted—in other words, how much does the simple skirting of that wool increase its value, measured in percentage?

Mr. JUSTICE. It increases it in this way: The skirts are stained wool. They are around the extremities known by various commercial names which it is not necessary to mention; and while they make as good goods as the other they never can be made white and, other things being equal, their use is limited to manufacturers who have to dye their goods dark colors. If you limit the number of buyers, you lessen the price. That is, the price becomes lower, because while men who use dark-colored wools would be just as willing to have the skirts men who use light colors are barred from using them. Further than that I can not answer the question, because I am not familiar with the value of the skirts alone. There are gentlemen in this room who know all about it, and I do not care to trespass on their ground. I shall take up enough time to tire your patience in discussing subjects with which I am acquainted; but I do not think the difference is much. Are there any gentlemen here who would volunteer the information?

Mr. MOSES. The skirts are not only stained and discolored, but are coarser. The increase in value of top wool is 5 per cent.

Mr. JUSTICE. I should also say that the manufacturer who would use the top of the fleece to make a fine quality of goods would have to resell the skirts when they were coarse. If he bought American wool, he would have to take into consideration the fact that he would have to resell the coarser skirts to somebody who used a coarser grade of wool.

The result of free wool has been that the decline below the average price for the ten years ending in 1894 was 42.34 per cent in American wool, and the advance in London during the same period was 10.59 per cent (see Chart D annexed), and if the London market for the Port Phillip had remained at 21.70 cents, as it was at the end of the McKinley period, and if it had not advanced over 10 per cent, Ohio

XX wool, which fell from 31.22 cents prior to 1894 to 18 cents in 1896, would have fallen below 15 cents instead of only to 18 cents. The advance in the London market is all that kept it from going down below 15 cents, which was the London value of Ohio XX washed during the ten years ending with the McKinley period. In other words, Ohio XX washed would have been worth no more than 15 cents in Boston, if Port Phillip had remained at 21.70 in London, as it would if the removal of the McKinley wool duties had not made it an inducement for American manufacturers to discontinue the use of domestic wool and to use foreign in its place because the latter was the cheapest.

The CHAIRMAN. Ohio has a heavier shrinkage than the Port Phillip?

Mr. JUSTICE. Yes; it is more desirable when skirted and scoured clean, because it is a stronger wool, but its commercial value in the condition when sold by the farmer is less than skirted Port Phillip, because of the skirts which the Ohio fleece contains.

I want to say one word here of the practice which has grown up among American farmers, which is a great disadvantage to the reputation of their fleeces, and which has given American wools a bad name in Europe and here. It is customary with them to tie the fleece up with six strings or sometimes with binding twine or sisal cord, with a big knot on each string. The manufacturer in determining the price of the wool has to make an allowance for the twine, which is of no value, but which he pays for at the wool price. Australian wool has little or no twine; but that is not the worst. The American wool-grower thinks he is entitled to wrap up inside of the fleece everything that is on the sheep when shorn. When the sheep is washed it takes a week or ten days for the fleece to dry before it can be clipped, and parts of the fleece become soiled and particles of dung adhere to the breech locks. The farmer sometimes rolls that dung up inside the fleece. When a buyer comes into a wool store to look at it he cuts the strings on the fleece to see if there is any filth inside of it.

The practice of skirting wool avoids this and has grown in obedience to the demand of the manufacturers, not of the United States alone, but of the manufacturers of the world, and the practice is increasing and will in time be universal. The percentage of skirted wools in the world's supply is already so large that if a penalty were placed on skirted wools and a lower duty on wools not skirted nearly all that is imported would come in at the lower duty. For instance, at a duty of 10 cents on unskirted and 12 cents on the skirted, all or nearly all would come in at 10 cents as unskirted. Appraisers at the custom-houses could not always tell which was which.

Mr. McMILLIN. Mr. Moses stated that skirting only amounts to 5 per cent; and yet by this proposed rate of duty, 10 and 12, you make a larger difference.

Mr. JUSTICE. I only state this difference to illustrate that such a law could not be administered. The man who was honest and fair, and who fairly entered his skirted wool as skirted, knowing it to be such, would be at a disadvantage with an unscrupulous competitor. A few people in the world, unfortunately, still exist in importing commercial circles who are willing to swear to false invoices.

Location of sheep in the United States, 1870 and 1896.

[From official reports of United States Census.]

*West of the Mississippi River.**East of the Mississippi River.*7,418,000 sheep.
26 per cent.

 1870
 28,478,000 sheep.
 100,102,387 pounds wool.
21,060,000 sheep.
74 per cent.

[From estimates of National Association of Woolen Manufacturers.]

*West.**East.*24,273,131 sheep.
67 per cent.

 1896
 36,464,405 sheep.
 272,474,708 pounds wool.
12,191,274 sheep.
33 per cent.

Mr. Turner has asked about the number of sheep east of the Mississippi River, which question has a bearing on the mutton-sheep industry producing coarse wools. In 1870, 74 per cent of the sheep of the United States were located east of the Mississippi River and only 26 per cent were west of that river.

Previous to that time millions of buffaloes ranged over the plains, and the savage Indian there held sway. When the Indians were being gradually placed on reservations, Uncle Sam, who is a great shepherd, had many pastures, one of which was called Illinois, another Michigan, and another Ohio, and other States represented his pasture fields. He had enterprising sons, some of whom, at the risk of losing their scalps, went into the wilderness to develop other and new pastures. That son from Michigan drove his flocks out from that old pasture on the prairie and found his way into what is now Wyoming or Montana, which to-day is our largest woolgrowing State. Some went from the other older States to other new sections. While Uncle Sam's flocks were rapidly increasing and multiplying as a whole, their location was shifting. Those from the old pastures east of the Mississippi were transferred to the new pastures west of the Missouri. It has been claimed by free traders that because the flocks had been moved from the old pastures east of the Mississippi that I have referred to, to the new pastures, that they had ceased to exist; that under protection sheep were decreasing, when, in point of fact, those flocks had not only been moved, but had increased at the rate of 25 per cent in four years. Those who advanced these views (and they were the favorite arguments of free-wool advocates) closed their eyes to the steady increase in the entire flocks under protection and pointed only to the old and empty pastures as conclusive evidence that protection did not protect. They were jubilant over a supposed important discovery. In point of fact, the United States under adequate protection were then increasing their flocks faster than any other nation in the world.

To-day only 33 per cent of our sheep are east of the Mississippi, and 67 per cent are west of the Mississippi. There is a cause for this. The Merino sheep can be herded in large flocks; 2,000 or more can be cared for by one man. The big mutton sheep of English blood can not be so well herded as the Merino; they straggle and become a prey to wild beasts. Their instincts and habits are entirely different. Therefore the only sheep that can thrive and multiply in large bands in the Territories is sheep of Merino blood, immediate or remote, such as can be driven over the range and bunched in herds of 2,000. That leaves the fenced pastures east of the Mississippi mostly free for the

mutton sheep of English blood, or blooded sheep bred for pedigree to improve the prairie flocks.

CARPET WOOLS USED FOR CLOTHING.

Owing to the improvement in machinery, carpet wools are now being so largely used for clothing purposes that I make the statement, without fear of contradiction, that some of such carpet wools as were imported under the McKinley period, supposed to cost then over 13 cents, to-day do not cost over 10 or 11 cents. I allude to wools that would average 13 or 14 cents, such as Bagdad. When Judge Lawrence said the price of third-class wool was below 10 cents, he should have said the "average price" was under 10 cents. You can see how the average could be under 10 cents if the bulk of it was worth $7\frac{1}{2}$ or 8 cents, and a minority of it 13 or 14 cents. But wools that cost over 10 cents also enter into the manufacture of the finer carpets, such as Wilton and Brussels. They are the only kinds at this time so used.

THE CHAIRMAN. How much ingrain carpet is made of combed wools? We are speaking now of the range of so-called carpet wools from 10 to 15 cents.

MR. JUSTICE. The name carpet wool ought to be abandoned. The third-class wools, which we are in the habit of naming carpet wools, costing over 10 cents, are very largely used for clothing purposes, and the name carpet wool for them is a misnomer. Their use for clothing purposes is increasing, and they will be still more largely used for clothing purposes in the future than in the past; therefore I will quote from the best-informed importer of these third-class or carpet wools that I know—a man who disapproves of the duty on third-class wool. He tells me that the dividing line made in the classifications and descriptions in the McKinley law between the so-called carpet wools used for clothing purposes and those used exclusively for carpets and low blankets could not have been more scientifically made. That classification made third-class wool into two distinct classes. He did not know whether the convention of growers that classified these wools arrived at it by accident or by a really scientific knowledge of what was required, but the result was successful. To use his expression: "The wools of to-day costing in Europe and Asia 10 cents and under must come to America (which country makes more carpets than all of the balance of the world combined)". There is no other market for all of them. If the McKinley dividing line was lowered from 13 cents to even 9 cents, the price on the other side would fall until the real carpet wools could be sold under the lowest carpet duty admitting them to the American market. In other words, if the duty was so adjusted that they would have to come in at a valuation of not over 9 cents, it would only be a question of a short time—possibly one year—before the foreign owner would have to take 9 cents from his American buyer. This is a case where the foreign shipper must pay the duty as the price of the American market.

But to go back to the subject of the location of our sheep. The decrease of the sheep in the sections east of the Mississippi River was because the large-carass sheep (the mutton sheep), which produce coarse wool, can not be raised on a free-trade basis at a price that will enable them to be raised for wool at the present price and mutton at the present price. Cheap imported carpet wools, costing 10 cents,

make that unprofitable. That is why those flocks have been so rapidly decreasing in Uncle Sam's pastures east of the Mississippi. The question of adequate protection for mutton sheep is involved in the carpet wool or third-class wool costing over 10 cents, and in my judgment that is a matter that needs the careful consideration of your committee. The mutton-sheep industry has been destroyed in the sections east of the Mississippi more rapidly than in any other, and needs your care.

The reason why the McKinley dividing line on carpet wools may be reduced from 13 to 10 cents is because wools of the third class, costing over 13 cents in 1890, to-day will average nearly 3 cents a pound less than they did when the McKinley law passed. These finer carpet wools have been from 1 to 2½ cents below present prices. (See right-hand column of table "Lowest and highest wool prices compared," from circular of Messrs. J. L. Bowes & Bro., at bottom of p. 177.) The dividing line to-day of 10 cents would be fair to all interests.

The CHAIRMAN. That is, you advocate changing the dividing line of carpet wools from the limit under the act of 1890 from 13 to 10 cents, and you do it on the ground that there has been a decline in the price of carpet wools nearly to that extent?

Mr. JUSTICE. Yes, sir; I do. There is ample proof to back up the statement in the following quotations from the Liverpool circulars of Messrs. J. L. Bowes & Bro. of October, 1890, and of January, 1897:

Decline of 2.35 cents per pound from October, 1890, to January, 1897, on the 49 qualities of carpet wool, all of which were worth over 13 cents in October, 1890.

[From the Liverpool circular of Messrs. J. L. Bowes & Bro., first-class authority on third-class wools.]

[Grades marked C and C are used both for clothing and carpet purposes. Grades marked K are used almost entirely for clothing purposes. Grades not marked are used mostly for carpets.]

	Liverpool, January, 1897, per pound.	Liverpool, October, 1890, per pound.	Decline per pound since 1890.
East India Candahar:	Pence.	Pence.	Cents.
Best soft white, C. and C.....	8	9½	3½
Soft white, C. and C.....	7½	8½	2
Pale yellow.....	7½	8½	2½
East India Vicaner:			
First white, C. and C.....	9	11½	5
First yellow.....	8½	10	3½
Second yellow.....	7½	8½	2½
East India Joria:			
First white, C. and C.....	10½	11½	2
First yellow, C. and C.....	8	9½	2½
First colored.....	7	7½	1
East India Pac Pathan:			
White.....	6½ to 7½	8	1½
Yellow.....	5 to 7½	6½ to 8½	2½
East India Pathan, white.....	5½ to 6½	6½ to 7	1½
East India Vicaner and Joria, coarse, white.....	5½ to 6½	7½	3
Bagdad, white, washed, superior, K.....	7½	8½	2½
Bagdad, white, washed, average, K.....	6½	7½	2
Bagdad, black and brown, washed, superior, K.....	6½	7½	1½
Bagdad, black and brown, washed, average, K.....	6	6½	1½
Bagdad, fawn, washed, superior, K.....	6½	7½	2
Bagdad, fawn, washed, average, K.....	6	6½	1½
China, white, washed, average, C. and C.....	6½	7½	2
Egyptian:			
Washed white extra, K.....	10½	11½	1½
Washed white first, K.....	9½	10½	1½
Washed white second.....	8½	9½	1½
Washed yellow extra, K.....	10	10½	1
Washed yellow average.....	7½	8½	2

Decline of 2.35 cents per pound from October, 1890, to January, 1897—Cont'd.

	Liverpool, January, 1897, per pound.	Liverpool, October, 1890, per pound.	Decline per pound since 1890.
	<i>Pence.</i>	<i>Pence.</i>	<i>Cents.</i>
Donskol:			
Washed white combing Taganrog.....	7½	8½	2½
Washed white carding Taganrog.....	7	7½	1½
Washed white carding Moscow.....	7	7½	1
Kasapatchia (Turkey skin) unwashed:			
First white, C. and C.....	7½	8½	2½
Second white, C. and C.....	6½	7	1
First colored.....	6½	6½	1
Oporto:			
Washed white fleece, C. and C.....	7½	9½	4½
Washed yellow fleece, C. and C.....	5½	6½	2
Washed black fleece, C. and C.....	6	7	2
Castle Branco:			
Washed white fleece, K.....	10½	12	3½
Washed yellow fleece, K.....	8½	10½	4½
Washed lambs, K.....	7½	9½	4
Iceland:			
Washed white superior.....	9½	10½	2½
Washed white average.....	8½	9½	2½
Washed white ordinary.....	7½	6½	1½
Scotch Highland fleece, white, washed.....	6½	7	1½
Scotch:			
Choicest Haslock, white combing, washed.....	8	9½	3½
Choicest Haslock, white carding, washed.....	7½	9½	3½
Average Bonnet, washed.....	7	9	4
Average light gray, washed.....	6½	8½	4
Average dark gray, washed.....	5½	7½	3½
Georgian second clip A lambs.....	5½	7½	3½
Khorasan:			
First clip B washed white fleece.....	6½	7½	2
Second clip B washed white.....	6½	7½	2½

* Higher.

Average decline in price since 1890, 2.35 cents.

The CHAIRMAN. And those wools, you say, valued above 10 cents, which are now valued at about 13 or 14 cents, are used largely for clothing purposes and not for carpets?

Mr. JUSTICE. I believe the finest of them, such as Bagdad wools, enter into some form of clothing or blankets, and a minority, only a very decided minority, enter into the construction of carpets; but, as I have said before, the manufacturers of the higher grades of carpets, such as wiltons, etc., can use nothing inferior. Their wools may all cost over 10 cents.

The CHAIRMAN. How about carpet wools valued at less than 10 cents? Is there any portion of it of any material amount that could be used for clothing purposes?

Mr. JUSTICE. I do not think they are available to any important extent for any purpose except ingrain carpets or low-grade blankets. An exceedingly cheap garment may be made to sell, but not to wear; but without some better wool to hold it together it would not be serviceable. The hair in a cow's tail is more like the wools now costing very considerably under 10 cents. I have in mind some Kalmuck wool which I once handled. It was much like the tuft at the end of a cow's tail. There is nothing in any portion of an American fleece that is so coarse as that. Hip locks and tags, and such portions as Judge Lawrence has described, which were formerly used in carpets and largely so used, are too good for anything to-day but the higher grades of carpets, and with this exception they enter now into clothing more largely than into carpets.

Mr. DOLLIVER. The law of 1890 sought to depart from the specific rate on this third-class wool, and substituted the ad valorem rate.

Mr. JUSTICE. Would you like to know why that was done?

Mr. DOLLIVER. Yes.

Mr. JUSTICE. The convention of woolgrowers and carpet manufacturers that framed the McKinley law consisted of experts. They agreed unanimously (with the exception of Judge Lawrence) to a specific schedule on all wools, which Major McKinley agreed to accept on condition that this commission should agree to it unanimously. I think before it went to the Senate, the carpet manufacturers, after having agreed to specific rates, objected to this agreement, and the convention was reassembled to adjust that one feature, and as a matter of compromise the woolgrowers decided to agree to the change from specific to ad valorem rates on third-class wools only, in order that that bill could go through, for without that unanimous agreement, Schedule K, so excellent in other respects, would have failed. It was a matter of necessary compromise. Therefore, on wools costing 13 cents and under a duty of 32 per cent was agreed upon, and 50 per cent was imposed on wools above that. If you take the altered conditions of to-day and make the duties specific. I claim that 2½, or 3, or 4 cents, or whatever you collect from carpet wools which cost less than 9 or 10 cents, will be purely a revenue duty, and it does not affect the question of protection in any way. We do not now and probably never will produce cow-tail wool. It becomes, therefore, only a question of revenue. The American woolgrower would not be injured in the least on wools of the third class only, costing under 9 cents, if there was no duty at all. This proposition for free wool does not apply to wool of the first class, much of which sells at 8 cents.

The CHAIRMAN. Why do you say that the carpet wools costing less than 9 or 10 cents are not likely to be grown in the United States?

Mr. JUSTICE. It would not be profitable to raise them here. They are raised in barbaric countries by nomads who live in tents; Asiatic tribes principally. Some in China. They know nothing of the theory of improving the wool by breeding sheep, and anything they can get for their rough wool they are glad to take. As I said before, if you will make the dividing line 9 cents instead of 13 cents, as under the McKinley law, these cow-tail wools will accumulate abroad until the very weight of their accumulation will break the price to 9 or 10 cents, when they will come to the United States subject to the rates imposed by the new law.

Mr. McMILLIN. You speak of a convention that considered Schedule K of the law of 1890. Who constituted that convention?

Mr. JUSTICE. That convention was composed of the most representative woolgrowers and manufacturers that could be named—the most representative in the United States.

Mr. McMILLIN. You say that Mr. McKinley agreed that if they would agree unanimously among themselves that he would put into his bill the schedule they made?

Mr. JUSTICE. Yes, sir. It was made by experts who knew their business. The woolgrower who wanted of the manufacturer a high price for his wool and the manufacturer who wanted to buy that wool cheap. They sank their greed and framed Schedule K. If all laws

were so framed we would have a permanent tariff. Under its practice I wish to say both woolgrowers and manufacturers were prosperous and contented. The evidence of it is that the manufacturers used up the entire clip of American wool and also increased their imports of wool, and the cost of woollens to the consumer was lower than ever before.

Mr. McMILLIN. It would be strange if they would not prosper if they framed their own schedule.

Mr. JUSTICE. While they were all prospering and increasing the use of wool, and making a better market for wool, as I said before, the cost of clothing was decreasing to the consumer. I contend that Schedule K of McKinley law was wisely drawn, was a good schedule; it oppressed nobody, and the fact that the American flocks increased enormously under it disproves the statement which my esteemed friend, Judge Lawrence, made that it was not protective. The woolen manufacturers did not make excessive profits. The duties that were imposed by the McKinley law (which I will treat of when I come to compensatory duties) were so skillfully adjusted that manufacturers prospered under them. But when the compensatory duty fell with the removal of the duty on wool—the only specific duty of the McKinley law—and they were thus left with nothing but ad valorem duties of 50 per cent (only one-half or one-third of which could be collected, and which was expected to protect American wages, which are over 100 per cent higher than in Europe), is it any wonder half the mills are closed?

Subsequent experience with the Wilson law shows the wisdom and the scientific arrangement of Schedule K of the McKinley law, because when the specific portion of it was removed American manufacturers were quickly flat on their backs. Their mills soon closed, and the American grower lost the only good market for his wool that he had ever had.

Mr. McMILLIN. As a matter of fact, the manufacturer got the benefit of a portion of the specific rate that was imposed for the alleged benefit of the woolgrower?

Mr. JUSTICE. He did, although he did not know it at the time, and I will make that plain when I come to the question of compensatory duties.

Mr. McMILLIN. Before we depart from that, or at whatever time suits your convenience, will you kindly give the committee the rate of the two kinds of wool that you have contrasted—the Ohio fleece and the Port Phillip wool? If you can, give it for 1870, 1875, 1880, 1885, 1890, and 1895, or 1896—the last complete year I believe is 1896.

Mr. JUSTICE. It will appear in what I submit in a number of different shapes.

Mr. McMILLIN. Very well.

Mr. JUSTICE. You will find that no matter how we try this, it always comes out the same way, viz, that the London price, as near as may be, for a series of years averaged less than half the American price, or since the question of high percentages must be met the American price was over 100 per cent higher through a period of years than the London price.

A VOICE. Until lately.

Mr. JUSTICE. Until the repeal of the McKinley law was discounted.

Now, to recur to the diagram which showed the increase in the world's supply. I have a table which I will submit which gives the lowest price in the London market in the last ten years compared with to-day's price.

Lowest and highest wool prices compared.

	London extremes during ten years prior to 1895. Highest (in cents).	London price Jan. 1, 1897. (in cents).	London difference between highest extremes and Jan. 1, 1897. (Cents lower.)	London extremes during ten years prior to 1895. Lowest (in cents).	London price Jan. 1, 1897. (in cents).	London difference between lowest extremes and Jan. 1, 1897. (Cents higher.)
<i>Class 1.—Clothing. Duty, 11 cents.</i>						
Port Phillip, unwashed, superior.....	30.00	22.00	8.00	17.00	22.00	5.00
New Zealand, unwashed, good.....	26.00	17.00	9.00	15.00	17.00	2.00
Buenos Ayres, unwashed, average.....	16.50	9.75	6.75	8.25	9.75	1.50
Peruvian, washed, average.....	20.00	15.00	5.00	13.50	15.00	1.50
Lima, unwashed, average.....	17.00	11.00	6.00	9.00	11.00	2.00
Abudia, unwashed, average.....	14.50	11.00	3.50	10.00	11.00	1.00
<i>Class 2.—Combings. Duty, 12 cents.</i>						
Lincoln, hog fleeces.....	29.50	22.00	7.50	17.50	22.00	4.50
Lincoln, wether fleeces.....	25.50	20.00	5.50	16.50	20.00	3.50
Kent, wether fleeces.....	25.00	19.50	5.50	18.50	19.50	1.00
Sussex Down fleeces.....	29.00	20.50	8.50	19.00	20.50	1.50
Alpaca, Islay fleece, good average.....	52.00	30.00	22.00	22.00	30.00	8.00
Alpaca, Callao fleece, average.....	38.00	19.00	19.00	15.00	19.00	4.00
<i>Class 3.—Carpet and blanket. Duty, over 13 cents, 50 per cent; under 13 cents, 32 per cent.</i>						
<i>East India:</i>						
First Joria, white.....	25.50	20.50	5.00	18.00	20.50	2.50
First Candahar, white.....	21.00	15.50	5.50	14.50	15.50	1.00
Pac Pathan, yellow.....	16.50	13.50	3.00	12.50	13.50	1.00
Ordinary, yellow.....	15.00	9.00	6.00	8.50	9.00	.50
Oporto, washed fleece.....	20.50	14.50	6.00	13.50	14.50	1.00
Egyptian, washed, first white.....	23.00	18.50	4.50	17.00	18.50	1.50
Donakol, washed, carding.....	17.00	14.50	2.50	13.00	14.50	1.50
Scotch, highland, undipped.....	14.00	11.50	2.50	10.50	11.50	1.00
Persian, uncleaned, white.....	11.50	8.25	3.25	7.00	8.25	1.25

It shows that the lowest price in the London market (for Port Phillip wool) was 5 cents a pound lower than the price in London to-day. It advanced 5 cents per pound in London inside of the first calendar year of free wool, and if you take this scoured wool (the same wool cleaned), this latter has advanced 30 per cent in London from the lowest point since the repeal of the McKinley law. The lowest point was reached in London, as I have just said, about the time the free-wool law was passed. We almost immediately began to permit foreigners to unload upon us their accumulation of years, and prices soon advanced from their lowest price on record, 5 cents per pound on the best grade of Australian grease wool.

Mr. DOLLIVER. Why do not our people send our wool over there?

Mr. JUSTICE. Americans have tried it at Bradford, England, Leipzig, Antwerp, on the Continent, and in London. American wools that averaged 8½ to 10 cents in America to American manufacturers sold at the same time over there at 4 pence, or 8 cents of American money, and I have an extract here from a Bradford newspaper on the subject which I will submit with my tables and diagrams.

Mr. DOLLIVER. You mean after it was scoured?

Mr. JUSTICE. No; I mean in the grease, as the farmer sold it. In this shape [indicating] it brings here in America from $8\frac{1}{2}$ to 10 cents, and averages about 9 cents. Under the McKinley law it ranged from 17 to 21 cents. That class of wool in Leipzig, Bradford, Antwerp, and London sells now at 4 pence, and it is hard work to sell it at that price. So you will all see after a trial of foreign markets that the American market is the only market of any value to him that the American woolgrower has, and when that is closed to him, as it is to-day—

Mr. DOLLIVER. You say 4 cents; don't you mean 4 pence?

Mr. JUSTICE. I mean 4 pence, English money. equal to 8 cents American money.

You will find in my printed papers herewith some exceedingly interesting criticisms from European papers on the American wools which have been sent there for sale, notably that from the Yorkshire Factory Times. They want to sell wool to us, and don't mean that we shall invade their market.

Mr. TURNER. Why is this Ohio wool, to which you refer us, put up in such dirty shape? Is it a necessity of the situation there?

Mr. JUSTICE. Not at all; it is the result of a slovenly practice here. I am glad to say that some growers put their wool up right and well, but they are not the majority of them. The American manufacturer wants American wool. There is a gentleman in this room that buys a certain quality of so-called XXX, which is now scarce. It is the best wool in the world for his purpose, and the wool dealers save it a fleece at a time until they accumulate a quantity large enough to ship. It is the kind raised by Hon. John McDowell, of western Pennsylvania, and Mr. Clark. The latter has just addressed you. Millions of pounds of it was sold under the tariff laws of 1867 and 1883. We call it "picklock" wool; it grows on sheep of the Saxony breed. The home of such wool was in the valley that is drained by the Ohio River. That is to say, West Virginia, western Pennsylvania, and southern Ohio, the homes of these gentlemen.

SHODDY, ETC.

The subject of shoddy comes next in order. During the McKinley period the annual import of shoddy, mungo, waste, rags, and such wool adulterants, averaged annually less than a quarter of a million pounds. The Wilson law went into operation on raw material in August, 1894, and although shoddy, waste, etc., were classified as "manufactures of wool," and these schedules could not legally go into operation until the following January, the Secretary of the Treasury arbitrarily ruled that the McKinley prohibitive duty on shoddy, rags, waste, etc., should cease with the duty on raw wool.

During the first four months of the Wilson law and between September 1, 1894, and the 31st of December over 4,000,000 pounds of these wool adulterants were imported. This 4,000,000 pounds of shoddy and waste took the place of three times that amount of American wool. Shoddy is made of rags and other adulterants, which once having been cleaned, does not require rescouring. It is put through machinery which dusts it and partially cleans it. It is then practically clean wool. A pound of rags is almost equivalent to a pound of some kinds of scoured wool.

In the first full calendar year of the Wilson-Gorman law we imported 20,718,110 pounds of shoddy, rags, waste, etc., an increase of 8,265 per cent over the average of the McKinley period. This 20,000,000 pounds or more of shoddy would be equal to 60,000,000 pounds of unwashed Montana or Texas wool. It would take the sheep in the State of Montana (which is now our largest woolgrowing State) three years to produce enough fleece to make the quantity of clean-scoured wool displaced by this 20,000,000 pounds of shoddy and waste which came in during the first calendar year after the Wilson law was passed.

It was stated by the statesmen who advocated the repeal of the McKinley law that free wool would mean such cheap wool that there would be a decreased use of shoddy. Have these predictions been fulfilled? Previous to the repeal of the McKinley law there was very little shoddy imported. The shoddy then used in America was made from American rags, and there were less than 250,000 pounds of shoddy, etc., imported in an average year. The Wilson-Gorman law went into effect four months before the close of 1894, and during the last four months of that year the imports of shoddy had increased to over 4,000,000 pounds, and during the first full year of the present law over 20,500,000 pounds of shoddy, waste, rags, and other such wool adulterants were imported.

The increase over the whole McKinley period was over 20,000,000 pounds, an increase of over 8,265 per cent, and instead of using less shoddy American manufacturers are now using more than ever before. And why? Because of the loss of the home market for woollen textiles (shown in Schedule B) our manufacturers were compelled to lower their prices for their woollen product, and in no other way could they do this except by the use of shoddy; and, although the price of pure scoured wool had fallen nearly one-half, or from 65 to 35 cents, the foreign competition was so keen that nothing but a tremendous use of shoddy would enable them to run their mills at all; and, notwithstanding this enforced adulteration of their goods by the use of shoddy, they still lost the best portion of their home market, as shown in Schedule B. Some idea of the proportion of the imports of shoddy in 1895 compared with the McKinley period will be seen by examining the parallel black lines in Schedule C.

Imports of manufactures of wool in shoddy, waste, rags, etc.

	<i>Pounds.</i>			
1891	215,714	=	Average, 247,663 pounds. { McKinley law.	
1892	321,586	=		
1893	229,583	=		
1894	142,040	=		
1894	4,028,901	8 months McKinley law.		
1895	20,718,110	4 months Wilson-Gorman law.		
<hr/>				
Increase in shoddy, etc., imports in 1895 over average of 3½ years of McKinley law, 20,470,447 pounds, or 8,265 per cent.				
			Wilson-Gorman law.	

The CHAIRMAN. How do you explain the increase in shoddy after wool was on the free list? The old theory was that shoddy would be imported when wool could not be so easily imported. But it seems that with free wool there was a large increase in the use of shoddy.

Mr. JUSTICE. It is very simple. The duty on shoddy was about the only one that was prohibitive in Schedule K. Under the McKinley period the high duty kept it out, and then only about 247,000 pounds annually came in, and we used no other shoddy in America except such shoddy as was made from American rags—cleaner rags than any imported rags. There never was a period in the history of this country, or history of any manufacturing country, when such a large proportion of pure wool was used in America as during the McKinley period.

Mr. TURNER. I understand that there is a factory in Cleveland using shoddy that ran every day under the operation of the McKinley

Act and that this same factory under the Wilson bill has not run more than one day a week.

Mr. JUSTICE. I know nothing at all about that factory.

I wish you [addressing Mr. Turner] to pay particular attention to this matter, because I was before the Ways and Means Committee when you assisted in framing the Wilson law which has so greatly stimulated the use of shoddy. I want to repeat the statement that there never was a woolen manufacturing nation in the world that used so little shoddy as the American nation during the McKinley period. And the proof of it is in the fact that we used then only a quarter of a million pounds of imported rags, shoddy, waste, and such adulterants, as against over 20,000,000 pounds in the first full calendar year of the Wilson law.

Mr. McMILLIN. Do you mean imported shoddy?

Mr. JUSTICE. This 20,000,000 pounds was all imported.

Mr. GROSVENOR. I would like to add that it is within my knowledge that the owners of the Cleveland mill referred to are very anxious that there shall be no tariff put upon shoddy at this time. This reached me to-day officially.

Mr. JUSTICE. The chairman asked me about this enormous increase in shoddy. Under the McKinley law, a woolen-mill hand had steady employment and earned \$10 a week, and could buy an all-wool suit containing no shoddy for \$10, with the proceeds of one week's labor. Owing to the closing of the mills (the result of the Wilson law) which did not average half time in 1896, notwithstanding the advantage of free wool, he earned only \$5 a week. The fixed charges for fuel and provisions for his table and rent, which go on nights and Sundays, absorbed all of the \$5 which he has earned, and he has had no money left with which to buy clothing, not even shoddy clothing. And men who made \$10 all-wool suits out of 55-cent scoured wool, under protection, could not sell them even with 30 cents scoured free wool.

Shoddy goods came in from abroad as never before, and \$5 shoddy suits made of cheap imported goods were in the stores. Our manufacturers had to make \$5 suits to compete. They could not make them out of pure wool, even cheap free wool; they had to use shoddy, and the result was that there was a good, brisk, keen market for foreign shoddy and a narrowed market for pure wool. Free wool which was to "widen our market," narrowed our market so that half of the mills closed, and many of those which did run used shoddy where under the McKinley law they used only pure wool.

Mr. McMILLIN. Have the sales of the better grades of wool or the price increased or decreased under the operation of the Wilson bill?

Mr. JUSTICE. This diagram shows the decrease in price [indicating]. As to sales, I deal mainly in domestic wool. My sales of American wool for the first year of the Wilson law were reduced one-third, and my sales for the second year of free wool were reduced one-half below the average of the McKinley period. The McKinley law made it an inducement for our manufacturers to use domestic wool. The Wilson law gave our home market to the foreign woolgrower.

Mr. McMILLIN. What I am asking is the effect upon the value or price of goods—woolen goods—whether such goods diminished or increased in price by the operation of the Wilson bill.

Mr. JUSTICE. Of course they decreased in price to the extent of 25 cents per pound on the scoured wool, and they were also further lowered in price by a greater use of shoddy. They were thus nominally cheapened by the use of shoddy, but in reality they were dearer to the wearer in so far as they relate to shoddy.

Mr. McMILLIN. To what extent?

Mr. JUSTICE. Such a suit as I have on contains about 3 pounds of pure scoured wool—no shoddy. It is impossible to use shoddy in worsted yarn. The difference in the cost of such a suit is about 75 cents below the McKinley price. That is the difference made between the use of 30-cent free wool scoured and 55-cent protected scoured wool.

Mr. DOLLIVER. Do you mean the price of the cloth at the factory or the price of the suit of clothes to the purchaser?

Mr. JUSTICE. This is a cheviot suit made of coarse combed or worsted wool. It is coarser than this merino sample [illustrating]. It is about such wool as grows on Shropshire sheep. Around the Mediterranean there are carpet wools from which wool has been imported to make cheviot suits. You know that on the ribs of the sheep there is found a finer fiber of wool than on other parts of the carcass. Measured under a microscope the diameter of the fiber would be less than the diameter of fibers of wool grown on the hips or back or neck or on other parts. The law of 1883 was most loosely constructed with regard to Schedule K. Its faults were admirably corrected by the joint convention that arranged the wording and classifications and divisions of Schedule K of the McKinley law. Under the law of 1883 third-class or Mediterranean carpet wools were sorted in Europe and the finer portion of the fleeces, such as sorts from the ribs, were brought in and it entered into the manufacture of knitting yarns and of cheviots. So you can thus see how carpet wools can make less difference in the cost of clothing than where only merino wool is used. The difference is 75 cents between the McKinley price and the present price in the cost of the clothing I have on, the duplicate of which in wear and appearance may be made of such so-called third-class wool or carpet wool as I speak of. That is of the finer sorts off of the ribs of some Mediterranean fleeces classified as third-class or carpet wool.

Mr. McMILLIN. Seventy-five cents in the cost of cloth?

Mr. JUSTICE. In the wool now in the cloth of this suit.

Mr. McMILLIN. For the entire suit?

Mr. JUSTICE. Yes; the entire suit, exclusive of trimmings.

Mr. McMILLIN. Then the reduction under the Wilson bill has only been 75 cents for such a suit?

Mr. JUSTICE. Yes; that is all in such goods as I now wear. They are not heavy goods, but are such as a workingman would wear.

Mr. McMILLIN. Then that law has not been so destructive to clothing manufacturers as has been made out?

Mr. JUSTICE. The removal of the wool duty decreased the price 75 cents on the wool contained in such a suit.

Mr. DOLLIVER. Has that found any expression in the retail prices of the clothing a man buys?

Mr. JUSTICE. Yes; of course. There is a difference, as I have already pointed out, of 93 cents per capita. Free wool saved the nation 93 cents per capita, but it lost the nation over \$400,000,000 in pur-

chasing power, as I have shown before. In this particular goods it is 75 cents, or 18 cents less than 93 cents, the per capita rate, because this is made of coarse wool. The per capita saving of 93 cents is for wool of all kinds, coarse and fine. There is none of this fine or merino wool [indicating] in this suit of clothes.

Mr. McMILLIN. My inquiry was as to the difference in price of the finished product, and that was your answer, I suppose?

Mr. JUSTICE. I thought some question of this kind might come up, and so I had the cloth in this suit weighed by the tailor before he made it up. It weighed 3 pounds and a few ounces. It is not the heaviest goods. It is suitable for this weather and it is the kind made up and sold to men in moderate circumstances—not fine goods.

Mr. McMILLIN. And your answer had reference to the finished article?

Mr. JUSTICE. To the difference between the price of McKinley wool and the Wilson-Gorman or free wool in this cloth. It is only the difference between protection and free trade on the raw material.

Mr. McMILLIN. What I was getting at was the difference in value of the goods to the consumer of such a suit as you have on under the McKinley bill and under the Wilson bill.

Mr. JUSTICE. The difference in favor of the consumer in such a suit as this is about 75 cents. That is less than the average annual per capita saving to the consumer, which figures, viz, 93 cents, I have previously given to the committee.

Mr. DOLLIVER. Do the tailors give you the benefit of that difference?

Mr. JUSTICE. No. This suit, when made by a wholesale clothing manufacturer, retails at \$10. I understand from the manufacturer who made the cloth that the clothier sells suits of this cloth at wholesale at \$7.50.

There has of late been lack of profit to the manufacturer, a lack of profit to the middleman, and, in fact, nobody has made any money out of it. The merchant tailor that made this particular suit got \$20 for making and trimming it for me. I furnished the cloth, which was given to me by the manufacturer, but wholesale manufacturers sell suits made of this cloth for \$7.50, so I am told.

Mr. TURNER. If the gentleman will allow an interruption, I would like to know if the class of goods which you are wearing is not purchasable at about one-half what it was before the Wilson bill went into effect?

Mr. JUSTICE. No, sir; other things being equal, 75 cents would make the only difference in the cost before and the cost now, by reason of the difference in free or protected wool. If there is any other difference in the present cost is made by a lessening of the profit or by actual loss to the manufacturer and of the cost of the labor element which enters into the construction of such goods. I know nothing about any other details in the cost of this suit, except the difference between the McKinley cost and the Wilson-Gorman cost of the raw wool in it.

Mr. TURNER. You do not make any estimate of the effect of compensatory duties?

Mr. JUSTICE. I know nothing about that element in this case. I have figured up the difference between the protected and free-trade prices of the wool in it.

Mr. TURNER (continuing). I mean the compensatory duty put on for the manufacturer's benefit.

COMPENSATORY DUTIES.

The difficulty in placing high rates of duty upon wool comes from the objection which legislators have to the necessary corresponding increase in the compensatory duties upon finished cloth. It takes 4 pounds of wool of the first class (merino wool, shrinkage 60 per cent) to make 1 pound of finished cloth. Every increase of 1 cent per pound in the duty upon unwashed wool of the first class involves an increase of 4 cents per pound in the duty upon finished cloth, without which the mills would be closed and the wool market destroyed. Owing to this necessary provision, manufacturers are barred from the importation of wools shrinking over 60 per cent. See following diagram (p. 3263).

Table showing the quantity of merino wool of various qualities required to make 1 pound of finished cloth.

[Based upon commercial experience with importations of raw wool.]

Merino wools.	5 per cent shrinkage.	10 per cent shrinkage.	15 per cent shrinkage.	20 per cent shrinkage.	25 per cent shrinkage.	30 per cent shrinkage.	35 per cent shrinkage.	40 per cent shrinkage.	45 per cent shrinkage.	50 per cent shrinkage.	55 per cent shrinkage.	60 per cent shrinkage.	65 per cent shrinkage.	70 per cent shrinkage.	Compensatory duty, law of 1890.	Amount of duty actually paid upon the quantities of imported wool similar to qualities named required to make 1 pound of cloth.	Loss to American manufacturers.	Gain to American manufacturers.
	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.	Cts. per lb.
Western Australia partly skirted and fine Montana.	5 pounds 5½ ounces greasy wool to 1 pound finished cloth.														44.00	58.62	14.66	
Buenos Ayres fine partly skirted and Ohio XX unwashed.	4 pounds 9½ ounces greasy wool to 1 pound finished cloth.														44.00	50.26	6.25	
Cape of Good Hope fine partly skirted and New York fine washed "heavy."	4 pounds greasy wool to 1 pound finished cloth.														44.00	44.00		
Adelaide fine skirted and Ohio XX washed "unskirted."	3 pounds 8½ ounces greasy wool to 1 pound finished cloth.														44.00	39.10		4.90
Port Phillip fine greasy skirted.	3 pounds 3¼ ounces greasy wool to 1 pound finished cloth.														44.00	35.20		8.80
Port Phillip fine lambs, greasy skirted.	2 pounds 14½ ounces greasy wool to 1 pound finished cloth.														44.00	32.00		12.00

Mr. JUSTICE. I am approaching that subject now, which will about conclude my remarks. In alluding to this suit of clothes something which I wish to explain is suggested. This cloth was made by a firm that were American manufacturers under the law of 1867, and they discovered when that law was succeeded by the tariff of 1883 that they could import "worsted" at a lower duty than was paid on the cheapest shoddy goods. They went over to Bradford, England, and sent over a shipment of superfine goods, which was entered at the custom-house as "worsted." The appraisers classified them at first as woolen cloths. These goods were taken around to the wholesale dealers and the unanimous opinion among the trade was that they were commercially known as "worsted." They took them out as worsteds, but paid the cloth duties under protest. The courts afterwards decided that, as the commercial name was "worsted," the framers of the tariff bill had meant that this class of all-pure wool cloth should come in as worsteds, which proved to be at a less duty than common shoddy goods. (It is impossible to put any shoddy in worsted yarn.) Finding their case strong and safe, they employed mills in Bradford, England, to produce worsteds, and sent their product to their Philadelphia selling house. When the McKinley law passed, the senior partner of the firm came to Washington to protest against higher duties. He had a suit of clothes with him by which he undertook to show how the price would be increased to the consumer if the McKinley bill passed. After the law of 1890 went into operation he found that he could not sell a single yard of his English cloth under the McKinley law. He was shut out of the American market. These goods could then be made here in America alone. He was compelled to move his machinery to America. He located about 16 miles from Philadelphia, where he established his American factory. As soon as he could get his mill in operation under the McKinley law he issued a circular to his old customers stating that he would sell the same goods here, made of the same quality of wool, and at no higher price than that at which he sold them before in England under the lower duty of 1883.

Who pays the duty in such a case? This firm, having run their mill under free trade in England and under the McKinley law in the United States, are the best equipped persons that I know of to give an opinion as to the comparative merits of the productive capacity of the American and foreign factory operative. Some of their Bradford help followed them to America. They thus actually employed the same men on the same looms and on the same kind of goods. Their answer to the question so often asked about the comparative efficiency of such labor has been put into print. It is to the effect that the same men, with double the English pay in America, with better food and clothing, and better houses to live in here, are less efficient than they were in England. I said to the senior partner, "That is at variance with the general impression." He explained his statement in this way: On the other side, if a man leaves his loom before he weaves out his warp he can be put in jail for breach of contract. Here a man may shift his belt onto the loose pulley and stop his loom, leaving the shuttle in the warp, and clear out, and you have no redress. Here they become careless, are soon demoralized, and altogether a great deal more independent than in England. He has figured out just how much was the cost of labor abroad and here on

weaving on the same goods, without regard to the material in it. I mean the same sort of weaving by the same men who had worked for him in Bradford under free trade and under the McKinley law here. In England they receive about £1 (or less than \$5) a week for weaving. The same men in Pennsylvania, under the McKinley law, received over \$10 a week for precisely the same work—an increase of 100 per cent in wages over those earned in England; that is, a difference of 100 per cent in favor of the American workman. A similar increase over English wages is the rule all through other branches of this business. If, with your permission, I may occupy any more of your time, as that which was allotted to me has already been used up, I will come to the question of the compensatory duty, which seems to be a most difficult question for those to understand who are not in the business. (See table on page 1523.)

This first sample [indicating] is a fine Montana wool of Merino blood. It shrinks 70 per cent. It yields 30 per cent of clean scoured wool like the sample [indicating]. It takes 5 pounds $5\frac{1}{2}$ ounces of such wool to make a pound of finished cloth, or 1 pound $5\frac{1}{2}$ ounces more than the McKinley compensatory duties provided for. Western Australia produces similar wool in great abundance, with a shrinkage of 70 per cent. It does not come to America, because the manufacturers are not willing to pay the freight on the 70 per cent of dirt. The freight on wool from London to mills in Pennsylvania, 15 miles by rail from the wharf where the European steamer lands, is only one-fourth of a cent per pound. With no duty on wool to-day, manufacturers here do not import any of this kind of wool. I asked why. The answer was, "Because we can not pay freight on dirt." "But," I said, "the Montana woolgrower has the same amount of dirt in his wool and he pays eight times the all-rail freight from Montana to New York that you pay from London to your mill, and you can not pay one-fourth of a cent per pound against the American growers' 2 cents per pound freight on 70 per cent shrink wool across the continent. How is it you can not use that class of Australian wool when the freight is only one-fourth of a cent per pound?" He replied, "We do not want it. We want only light-shrink wool; but we do want an ad valorem duty on wool, so that the foreign manufacturer may have our competition and will not be able to buy them at his own price, as he now does, and make cheap goods that would compete with our goods." There is nothing in this argument, for at the last London sales and the majority of all of the previous sales these skirted Port Phillip wools suitable for America were 10 per cent higher, by reason of the competition of American buyers, while the 70 per cent shrink faulty wools were neglected and were unchanged or lower in price.

Now, there is no tariff on wool; wools are free. No duty stands in the way of importing these faulty wools now. If our manufacturers want an ad valorem duty in order to have access to these faulty wools after a duty is on, why don't they take advantage of their privilege and import them now, when there is no duty? They have the freest access to these cheap, heavy wools to-day and they will not touch them. This disposes of the contention that ad valorem duties on wool are necessary to give our manufacturers access to all classes of inferior, cheap wools. As they do not import them when wool is free, they

never will import them under any form of duty; and those who use this argument, if sincere, are deceiving themselves alone.

The next sample is XX Ohio unwashed. It shrinks 65 per cent. It is wool of the same breed as the other heavier sample from western Australia. One is grown in Ohio and one in western Australia, but if both were scoured they would look alike, and nobody could tell the difference. If the wool in western Australia was grown in Ohio it would look like that sample of Ohio. [Mr. Justice illustrated this part of his statement with various samples.] Both will show under the microscope a diameter of two one-thousandths of an inch. The difference in the wools is the only difference in the characteristics of soil and climate of the different localities in which they are grown. If you would reverse the conditions, this [indicating] wool would look like that and that wool would look like this [illustrating.]

It takes about 4 pounds $9\frac{1}{2}$ ounces of this Ohio fine unwashed to make a pound of finished cloth. If a manufacturer imports this same class of wool from western Australia (with the McKinley duty of 11 cents per pound on wool and the compensatory duty of 44 cents on every pound of imported cloth, to compensate him for the duty paid to the Government on the wool used to make that cloth) it would take 4 pounds $9\frac{1}{2}$ ounces of greasy Australian wool to make 1 pound of cloth. He would have to pay $50\frac{1}{2}$ cents on the 4 pounds $9\frac{1}{2}$ ounces, which is the quantity of wool required to make a pound of cloth out of such wool, which would involve him in an outlay of $6\frac{1}{2}$ cents in duties more than the compensatory duty of 44 cents which the law allows on imported cloth. The result is he is barred from importing 65 per cent shrink wool. The duties therefore on such wool would be $6\frac{1}{2}$ cents more than the compensatory duty on the cloth which it would make. This class of wool is not now imported to any extent, even though the duty has been taken off. With freight on such heavy wool only one-fourth cent per pound from London to America, the manufacturer does not want it; therefore it is safe to conclude, as already stated, that if he will not have it when there are no duties, he will never want it under any sort of ad valorem duties. But the point is, that if he did import such inferior west Australian or similar wool he would be out of pocket $6\frac{1}{2}$ cents below the compensatory duty on every pound of cloth manufactured from such wool.

Now, this is a sample of a lighter shrink wool, and of course the compensatory duty required would be less. This sample corresponds to Buenos Ayres, Lower Australian, and Cape of Good Hope wool, although it is New York or Michigan heavy fine washed, shrinking 60 per cent and yielding 40 per cent of clean scoured. It takes 4 pounds to make a pound of finished cloth, and the importer would have to pay 44 cents duty on the wool. This is the heaviest class of wool that could be imported under the McKinley arrangement of compensatory duties.

This brings us to the wools which are skirted, which are the only kinds of Merino wools now largely imported under free wool, and the only kind that ever will be largely imported. The compensatory duty on cloth when less than the duty on the wool required to make such cloth makes wool of 60 per cent shrinkage the dividing line, or in other words, wools yielding 40 per cent or more of clean scoured

wool, are the only ones that are used in America with a compensatory duty on cloth.

The next sample is still lighter. It is an Adelaide, and corresponds with Ohio XX fleece washed. This is a wool shrinking 55 per cent and yielding 45 per cent of clean scoured wool. Only the very best of the Adelaide wools shrink as low as 55 per cent; some of them run up to 70 per cent. This is skirted wool. The American wool of the same kind and quality is not skirted, and from this cause sells in the grease at a lower price. These American and foreign wools of the same grade practically enter into the same cloth. When a manufacturer imports enough of this class of Adelaide (55 per cent shrinkage) to make a pound of cloth he pays the Government 39.10 cents duty on 3 pounds 8½ ounces, which is the amount it takes to make a pound of cloth. He saves the small fraction of 4.90 cents out of the compensatory duty. This shows the inducement to import skirted light shrink wools. (See table on page 1523.)

This sample [indicating] is Port Phillip greasy superior, which is the most valuable wool in the world. It also corresponds with the XX Ohio, although it is cleaner. Three pounds three and one-half ounces of this high class of Port Phillip skirted fine wool will make a pound of cloth. It is very clean. It is on account of its light shrinkage that it takes such a small quantity, as each pound yields 50 per cent of clean, scoured wool. If a manufacturer wants to import only enough wool to make 1 pound of cloth he would import 3 pounds 3½ ounces, and would pay the Government in duty 35.20 cents on the wool, and thus save the small fraction of 8.80 cents out of the compensatory duty on a pound of finished cloth. This class of wool is limited. The treasurer of the Washington Mills in an open letter states that only 5 per cent of the product of Australia is as clean as that. His estimate is entirely too small, but whatever may be the quantity, there never was any difficulty in procuring an ample supply of it, and our manufacturers have never been compelled, even with free wool, to resort to the faulty wools that require more than 4 pounds of wool to make 1 pound of finished cloth, and I contend that they never will be required to, nor will they, in my opinion, desire to do so.

This last sample is the lightest wool that comes from Australia. The shrinkage is 45 per cent, and it yields 55 per cent of clean, scoured wool. While there is a limited amount of this wool, there never was too little for America. It takes only 2 pounds 14½ ounces of this kind to make a pound of finished cloth. The duty on this 2 pounds 14½ ounces would be only 32 cents, while the compensatory McKinley duty was 44 cents per pound on cloth, so that if all manufacturers could use this kind they would save 12 cents out of the compensatory duty on each pound of cloth made of such wool.

The McKinley Schedule K, which imposed a duty of 11 cents per pound upon wool, determined the compensatory duty of 44 cents per pound on the cloth by taking shrinky wools yielding 40 per cent of scoured as the dividing line. The great bulk of the world's supply of wool (I suppose fully 75 per cent of it) is so shrinky that a compensatory duty of 44 cents per pound would involve a manufacturer in a loss by its use. But there is ample supply of such as shrinks less than 60 per cent. The lighter the shrinkage, you will observe, the greater is the amount of the compensatory duty which the manufacturer saves. It was not foreseen by the joint convention of wool-

growers and woolen manufacturers that formed Schedule K of the McKinley law that the manufacturer was to get any fraction of the compensatory duty, but the working of it for four years developed this fact, and its operation completely justified its inventors.

After the compensatory duty was removed and nothing was left but the 50 per cent ad valorem duty (which, through undervaluations and false invoices, is not all collected), the manufacturer began to be compelled to close his mills. It was found that a nominal ad valorem rate of duty of 50 per cent to cover a difference of over 100 per cent in wages between here and abroad would not do. By limiting his purchases to light-shrinking wools the manufacturer could, under the McKinley law, save, as already explained, a small fraction of the compensatory duty, and if that had not been the case his mills would have been closed under the McKinley law, as they are closed to-day with the inadequate Wilson low rates.

The CHAIRMAN. Is there not another important fact, that the McKinley law made the duties part specific and part ad valorem, so that the ad valorem was the subordinate part of the duty? Under the act of 1894 the duty is exclusively ad valorem, and therefore our whole attention may be directed to undervaluations; and is it not true that there has been an incentive to undervaluation which has resulted, in practice, in there being a smaller proportion of the duty collected than there was under the other law?

Mr. JUSTICE. Yes, sir; that is a correct statement of the facts.

The CHAIRMAN. And is not that a fact that you have to take into consideration?

Mr. JUSTICE. Yes; it is a very grave matter, involving the opening or closing of our mills, upon which we depend for a market for domestic wool.

I will quote in this connection from a pamphlet which I shall hand in, marked "Appendix A," to which I now allude, and which bears directly and forcibly on that point. It is entitled "Prophecy and Experience," and is from the September number of the bulletin of the National Association of Woolen Manufacturers. It is a most comprehensive and clear statement of this part of the subject, and as well a most earnest plea for the woolgrower from the standpoint of the manufacturer, as well as for the factory operative and for the man who employs him. For conciseness and clearness I have seen nothing like it, and for this reason I desire to have it included in my argument. On page 14 of Exhibit A you will find that the average importation of cloth under the first three years of the McKinley law was about 13,000,000 pounds, or a total of 41,700,000 for the whole period. The average value of these importations was about \$12,300,000 per year, or a total of \$37,019,000. Comparing the year 1895 with the whole period of the McKinley law, or rather the years 1891, 1892, and 1893 (for everyone admits that the law was a dead letter after March 1, 1893, and that the Wilson law was discounted after that date, and what happened between March 1 of that year and the time when the Wilson law went into effect is of no value for a basis for estimating its utility), we find that the importations amounted to over 40,000,000 pounds, with a custom-house value of about \$25,000,000, which was an increase of 200 per cent in pounds over the annual average of the first three years of the McKinley law, but the value is only doubled or increased 100 per cent.

The CHAIRMAN. And wools had not fallen abroad?

Mr. JUSTICE. No, sir. On the other hand, they had advanced in price abroad. As already shown, Port Phillip fine advanced in London 5 cents per pound between the first and the last of the year 1895, when the effects of the opening of our markets was fully felt abroad, as you will see by tables appended.

[Justice, Bateman & Co., circular, August 1, 1896.]

THE EFFECTS OF FREE WOOL.

In Table A is a schedule of twelve leading grades of American wool, with the prices in the markets of Philadelphia, Boston, and New York on August 1, 1892, during the second year of the McKinley law, when that law was in full and undisturbed operation. In the next column are the prices in the same markets at this date, the second year of the Wilson-Gorman law. In the third column is the number of cents per pound decline caused by the removal of the McKinley duties. The average decline by the substitution of free trade for McKinley protection on wool has already been 42½ per cent, and prices are still falling. The average price of wool in London, for wool of the same kind and quality, from 1868 to 1894, was 51 per cent lower than in the protected markets of the United States during that time. This difference has now been overcome by the domestic decline and the foreign advance. The removal of protection, which caused American prices to fall, stimulated the London wool market, and the latter has been advancing during the period that American markets have been declining. The London prices for foreign wool of the same kind and quality as the domestic are shown in Table B. If it was not the removal of the McKinley duties which caused this decline in American wools when the markets of the world were advancing, what was it?

TABLE A.—*American wool, Philadelphia and Boston prices.*

	Price Aug. 1, 1892, second year of McKinley law.	Price Aug. 1, 1896, second year of Wilson-Gorman law.	Amount per pound lower.
	Cents.	Cents.	Cents.
XX Ohio washed.....	29	17	12
Ohio medium washed.....	33	19½	13½
Ohio coarse washed (½ blood).....	32½	18½	14
Ohio fine unwashed.....	20½	12	8½
Indiana and Missouri fine unwashed.....	19½	11	8½
Indiana and Missouri medium unwashed (½ blood).....	25½	14½	10½
Indiana and Missouri coarse (½ blood) unwashed.....	24½	15	9½
Oregon and Colorado fine, skrink 70 per cent.....	17	8	9
XX Ohio scoured.....	63	35	30
Ohio medium scoured.....	56	33	22
Ohio ½ blood scoured.....	48	25	18
Oregon and Colorado fine scoured.....	57	30	27

Average American decline in two years, 42½ per cent.

TABLE B.—*Foreign wool, London prices.*

	Price Aug. 1, 1892, in London.	Price Aug. 1, 1896, in London.	Higher.
	Pence.	Pence.	Pence.
Port Phillip greasy (similar to XX Ohio).....	11	11	.....
New Zealand and crossbred greasy (similar to Ohio medium).....	9½	10	½
English Shropshire hoggets (similar to Ohio ½ blood).....	10½	10½	.....
Cape grease (similar to territorial fine).....	6	7	1
Port Phillip scoured.....	22	22	.....
New Zealand crossbred scoured.....	16	17½	1½
English Shropshire hogs.....	13½	14	½
Fine Cape scoured.....	15	17½	2½

Average London advance in two years, 9 per cent.

The CHAIRMAN. Is not that fact a demonstration that under exclusively the ad valorem system there have been enormous undervaluations, to an extent unknown before?

Mr. JUSTICE. This fact alone would indicate an undervaluation of about 33½ per cent, because here is evidence that the quantity has increased three times, or trebled, and the values have only doubled. That will be found on page 14 of Exhibit A, which I submit, and to which I again call your attention as most important, as showing where the Government is losing its revenue.

There is just one more point about which I wish to speak, and then I will close, thanking the committee for its indulgence, and apologizing to it for having taken up so much more time than was originally assigned to me for the discussion of this subject. However, this is an important matter and if it were printed only without any oral explanation a good deal of its force would be lost.

In making a new tariff law there seems to be a general impression among the public that you must make a conservative bill, which means low taxation, but they lose sight of the fact that the increase in the national debt under President Cleveland's administration will require higher taxation per capita than was necessary under the McKinley period. By the time the new revenue law goes into operation the increase in the national debt threatens to approach \$600,000,000. I arrive at these figures in this way: There were \$260,000,000 of bonds sold. The interest on those bonds up to the time they mature will be over \$240,000,000. This interest has to be paid out of taxes before the bonds are paid, which makes over \$500,000,000 increase in the national debt without adding the deficit. Now, at the rate of the increasing deficit which is going on (you know better than I how much a month) that deficit will bring the total debt up to near \$600,000,000 by the time the new law can be framed and passed. The people will therefore have to submit to a higher per capita taxation than under the McKinley law, whether they like it or not. That is the price they pay for the experiment of a tariff for revenue only, and that kind of policy.

Mr. GROSVENOR. If they have a luxury they must pay for it.

[Diagram omitted in this print.]

STATEMENT OF HON. CHARLES H. GROSVENOR, OF OHIO.

Mr. GROSVENOR. Mr. Chairman and gentlemen of the Ways and Means Committee, inasmuch as I have been informed that my former costatesman and beloved friend Gaines is not to be a Member of the next House I will venture to exhaust about two minutes of time to point out to the gentleman from Louisiana that there never was any plate engraved at the order of Harrison, or Foster, or anybody else, to tide the Treasury over.

Mr. GRIGGS. You do not think I live in Louisiana, do you?

Mr. GROSVENOR. I should say Georgia. They are both equally good States all the year round except on one day.

Mr. GRIGGS. That is quoting Mr. Cockran.

Mr. GAINES. Then they are equally bad States.

Mr. GROSVENOR. No, Georgia is improving. The truth of history is that this panic we are talking about did not make any suggestive threat until the election in 1892. During the winter of 1892, after it was known that Mr. Carlisle was to be Secretary of the Treasury and

the receipts of the Treasury were running rapidly down, under the Democratic administration—it only takes a threat—the suggestion was made and the order was made, and afterwards Mr. Cleveland refused to approve of it, and the engraving was never done, and Mr. Foster turned over \$106,000,000 to his successor following the 4th of March next after that date.

Now, gentlemen—

Mr. RANDELL. You claim that there was no deficit and none necessary at all?

Mr. GROSVENOR. No, it was totally unnecessary.

Mr. RANDELL. And all the officials that said it was absolute necessary and that it would have to be provided for were absolutely mistaken?

Mr. GROSVENOR. It turned out that they were.

Mr. RANDELL. It turned out that they were not mistaken, did it not, that the bonds had to be issued?

Mr. GROSVENOR. After while they had to borrow to tide over—

Mr. RANDELL. And that is what the Republican administration claimed would have to be done before the election in 1892.

Mr. GROSVENOR. No; they thought they could not tell the extent of the disaster. They knew it was there.

Mr. RANDELL. How would they foresee the disaster before the election in 1892? How did they know but what Harrison would be elected?

Mr. GROSVENOR. There was no such thing before the election; it started the next morning, the morning following— [Laughter.]

Mr. RANDELL. You are more facetious than accurate.

Mr. GROSVENOR. The morning following the election. Mr. Daltzell will bear me out in that.

Mr. GRIGGS. Why, certainly.

Mr. GROSVENOR. Several of the great manufacturing industries of Pennsylvania, notably the Oliver plow manufactory in the city of Pittsburg, reduced the wages of their employees in the threat of the Democratic administration.

Mr. COCKRAN. You said they turned over \$106,000,000?

Mr. GROSVENOR. Yes.

Mr. COCKRAN. Did that include the \$150,000,000 in gold reserve?

Mr. GROSVENOR. Certainly not.

Mr. COCKRAN. You mean \$106,000,000—

Mr. GROSVENOR. Of actual free money; yes, sir.

Mr. COCKRAN. Independent of the \$150,000,000 gold reserve?

Mr. GROSVENOR. Yes, sir; and I printed it in the Congressional Record every time that Mr. Gaines made that point; I printed that receipt; it was printed until I got ashamed of spending the money of the Government for the printing.

Mr. RANDELL. Did you have any sheep in 1892?

Mr. GROSVENOR. I never had any sheep in my life; I never owned a sheep.

I am going to assume that the figures and statements made by Mr. Justice are true, and I am not going to state them all over again.

I appear here on behalf of the woolgrowers of Ohio, and I believe that in the authority I bear that there has something been said about the national woolgrowers also. It does not make any difference

whom I represent. I will try to make my statement very short and come directly to the point.

If this committee proposes to revise the tariff so as to destroy a great industry in this country I have nothing to say, and there is no quicker way or shorter route to that result, so far as the great industry of woolgrowing is concerned, than to reduce the tariff to any material extent. I think I may say that I gave a very great amount of attention to this subject of wool tariff, as some of the members of the committee will remember, not only at the time of the Dingley bill but during the other three tariff controversies that happened during my service in Congress. You will ascertain, and there will be no successful contradiction of the statement, that you can not reduce the tariff on wool as it now stands materially without destroying absolutely that industry.

The wool industry is now fairly profitable; not quite as profitable as a great many other agricultural industries, but fairly profitable. It is made profitable in some sections of the country by reason of the peculiar character of the land. Take the State of Ohio—take the section of it where I live. There are thousands of acres, many thousands of acres, that are valuable for sheep culture and are fit and valuable for nothing else.

That is, it would not be profitable; it would not pay the taxes for anything else, and anybody who feels interest enough in the subject to ascertain from the reports of the agricultural department of Ohio will very easily understand all about it. Sheep do not impoverish lands; sheep can live on land that will not produce corn or wheat or potatoes or vegetables to any profitable extent.

Nor will that land produce crops of hay that will be sufficient for a profitable investment. But sheep will thrive and be profitable upon that very class of land.

Now, there is nothing more sensitive to the operations of the schedules of the tariff acts than wool. We must either produce our own wool in the United States for all the purposes which we desire, or else we must stand our chances to buy the wool of other countries at the prices that they will fix. It is not worth while to talk about 20 cents a pound wool, the double X wool of Ohio, for it can not be produced at that price.

I am quite aware of the strange and wonderful effect that the change of the tariff did have upon the sheep of Ohio—and it was so throughout the country.

If the latitude here is sufficient for me to do so, I want to put into my remarks some figures showing the immediate effect of the change to the Wilson law on the sheep production of Ohio.

It was not in operation long enough to absolutely destroy all of the sheep in Ohio, but in many of the counties of Ohio—I have before me a small county, a statement in regard to a small county, which I will refer to and say that it is illustrative of the effect that this bill had upon the sheep-growing counties in Ohio.

It cut down the sheep in 1891 in the county of Harrison from 150,503 to 92,000, and was checked at once by the passage of the Dingley law.

I am not going into any causes about prices or anything of that sort. I am stating now the operation the tinkering with the wool proposition has had in the flocks of Ohio.

Take the country all over. It was greater, and was going rapidly to the point of time where we should have been compelled in time of peace to buy at whatever price we could buy the wool for our consumption here. But in time of war a much more difficult proposition would arise. In time of war wool would become at once contraband under the rules of warfare. We are doing and have done about enough to strip ourselves of the power to carry on the projects of our Government. We have a navy way over some place, God knows where, that if a sudden outbreak should occur would simply become an enormous and highly valuable scrap pile for the lack of any means of transportation of coal to it.

And wool would be exactly in the same boat. We would have an army that would use, perhaps, 10 pounds of wool where it now uses 1 pound, in the exaggerated use of blankets and clothing, and all that sort of thing, and we would not have any wool of our own. Where would we get it?

So I am pointing out the absolute historic truth when I say that sheep culture in the United States can not be maintained in opposition and in competition with free trade in wool.

I do not think there is anybody knows it better than the men who were advocating free wool when the Wilson bill was under discussion, and who were thunderstruck, shocked at the coming true of the prediction that was made on the floor of the House of Representatives and on the floor of the Senate and through the press of the country as to the effect that that free wool would have.

Now, then, what is the argument in favor of it? There is a great deal being said nowadays whenever you speak about the revision of the tariff. It is the most confusing word in the whole country. I am in favor of the revision of the tariff because I voted that way. My friend Clark over there is in favor of the revision of the tariff. He voted that way. And we are just as far apart on the application of our own doctrine as it is possible for two highly intelligent statesmen to be. [Laughter and applause.]

Revision to him means the abolition of duties. Revision to me does not mean, just now, much of anything. It has been used as a campaign battle cry. I begin to learn what I had known before—I begin to find that the old proposition has not changed; that it means in Massachusetts free hides; that it means in Ohio higher tariff on wool. Those are both revisions.

Mr. CLARK. If you will permit me, I will give you a piece of very valuable information.

Mr. GROSVENOR. All right.

Mr. CLARK. That is that we have educated the New England brethren up to a point now where they are willing to take off the tariff on hides, boots and shoes, and leather all together.

Mr. GROSVENOR. I heard that proposition made once to the gentleman from Missouri and it was indignantly refused.

Mr. CLARK. I know; but they are coming around.

Mr. GROSVENOR. Well, I suppose if the New England manufacturer of wool goods could have free wool and no change in the tariff on woolen manufactures—perhaps raise the tariff a little on woolen manufactures—so as to get even with the Treasury, I suspect they would be willing to make that deal now.

The difficulty about it is this: If it is proposed to revise the tariff by placing a tariff upon a commodity that we can produce in this country in generous proportions to our necessities, so as to make it impossible for the production of it in this country, then there ought to be a change in the wool schedule. If not, it is suicidal; it is destructive of the interests of a great number of industrious people prosecuting a great industry.

The cry, however, is that it must be done in the interests of the consumer. Does anybody here stand up before this committee and say that during the four years of the Wilson bill the price of the ordinary clothing of the ordinary people of this country got any lower in the market? I have never heard any man say it. I don't believe it made one particle of difference in the cost of clothing in this country. If not, if I am right about that proposition, what do you want to change the tariff for now? Do you want to do it in the interests of greater income, greater revenue?

Why, the history of all our tariff operations is that we import in the long run, in the course of a four years' affliction of a Democratic administration, we import less of the very articles upon which the tariff has been reduced! Why? Because of the inevitable poverty of labor and production that is inflicted by reason of the low tariffs that we have gone through.

So I can not understand what purpose could be served. I do not believe you would import any more wool after ten years of experiment, I do not believe you would import any more wool after five years of experiment, because I believe if you reduce the tariff upon wool to a destructive point, as I submit any material reduction will be, then you have got to meet the same question that was met in 1892, 1893, 1894, 1895, 1896, and 1897, when the reduction of the tariff upon the great body of commodities, instead of increasing the revenue, lowered the revenue. We did not import in dollars and cents for tariff purposes as much in 1896 as we did in 1893. There was a downward tendency all the time.

So you are not going to get any more money out of this, after perhaps a year or two years of struggling with the question of whether we can go on and manufacture goods in this country. We have had here, as you gentlemen know very well, exhibits of clothing made, on the floor of the House, over and over again during those periods of controversy, and yet I stand here to say that it has never been shown that a low tariff made lower clothing for the United States. So what is the use of talking about the consumer?

It is an unfortunate reference that is constantly being made to the wants and anxieties of the consumer. The consumer of the United States, the prosperity of the consumer, goes hand in hand with the prosperity of the manufacturer, and the manufacturer gets his profits by a condition that gives him the exclusive, or practically the exclusive, markets of this great country. Where does the manufacturer get his money? He gets it from the laboring men more than any other place.

And the farmers? The farmers are better off than anybody else in this country; richer than anybody else in this country. Why? Because they are producing a commodity with which there can not be successful competition from abroad. Therefore they sell to the great body of the consumers.

Let us take three great classes now in this country; one the farmer, another the manufacturer, and the third the laborer. We will throw in the lawyers and doctors and preachers to make good measure, for they are not producers, at least many of them are not. And the money upon which the farmers of this country have grown enormously rich and are growing rich comes from the profits of the manufacturers, which is all net profit, practically, to the farmer, as compared to the profits of the manufacturer.

When you strike down a great agricultural industry such as wool you at once strike off this great source of revenue to the industrial development of the country, and you are going to get nothing for it. If I believed two propositions—first, that the wool producers of this country could stand a material reduction of the tariff, and then believed that it would have the effect to cheapen articles of clothing, I would be willing to have it, but it has not been shown, and it can not be shown, that in any reduction to the tariff heretofore made those results have followed.

I do not care about exhibiting clothing. I do not wear a very high grade of clothes myself, but I have never yet found a man who could exhibit—he can talk about the value to the consumer of buying goods abroad, where they are cheap—but I have never seen the man yet that produced and exhibited a suit of clothes that he bought in England cheaper than he could buy such a suit in this country.

Mr. HILL. Or that he was very proud of, either?

Mr. GROSVENOR. And they are not very proud of them. I have got a suit of them on now. The gentleman from Alabama is not here or I would let him make an examination of these. I paid \$20 for this suit of clothes. I would swap even with my friend Theodore Justice and give boot for his suit of clothes. And I state it as an absolute fact what Mr. Justice has described exactly. You go find a fellow quarrying stone in England or working on the street in England with a suit such as they wear, and you can buy that kind of clothes cheaper over there than you could buy them here, because you would have to construct a new manufactory here and invest money in it to make those clothes. No sensible laboring man over here ever worked in such clothes as that. So you have all of the tariff question, so far as wool is concerned, in that nutshell, I suppose.

It is the tariff on wool that has built up this great industry after it was torn down, after it was destroyed, after the American farmer—my friend over here wants to know if it was possible that they ever sold sheep at 50 cents.

Mr. RANDELL. No; that they dropped from \$4 to 50 cents is what staggers my belief.

Mr. GROSVENOR. To be frank about that, I should have said that probably the \$4 was a high figure, but thousands and tens of thousands of sheep were sold in Ohio at 50 cents apiece. Anybody who has lived in Ohio during that time will not hesitate to say that that is so.

Mr. RANDELL. They dropped in a day from \$4 to 50 cents?

Mr. GROSVENOR. I did not say that.

Mr. RANDELL. That is the statement I was commenting upon.

Mr. GROSVENOR. I said they went down to 50 cents and lower than that. We had a statement in regard to an assessment of a farmer, an assessment upon his sheep. He was in the neighborhood of Hillsboro, in Highland County, in the State of Ohio. He made a return

to the court that he could not sell the sheep at any price. It is a mistake to suppose that every sheep is worth something for meat. All sheep are not worth anything for meat. You take a poor sheep in the fall of the year and you can not afford to feed that sheep and put meat on him for the meat market. You would break yourself very quickly if you tried to do that.

So, gentlemen, that is about the extent of what I desire to say. I am here to indorse what has been said in regard to these costs, the costs of manufacture and all that sort of thing, which I have examined very carefully, and I am here to state in the close, what I stated in the opening, that there is no intelligent man that believes that this tariff can be reduced and sheep culture go on in the United States.

So in this cry of revision, when it is brought to a focus, so that the people of the country can understand what is meant by it, when the two parties divide upon the lines that they must divide upon, unless it can be shown that some good is to come by a reduction of the tariff, either to cheapen the product of the sheep for the benefit of the laboring man or to raise revenue from the importation of wool that will counterbalance the injury caused by the destruction of a great industry like that, then there is no propriety in undertaking to revise this tariff on wool.

It is low enough. The Ohio wool sells at the homes of the producers now at somewhere along in the neighborhood of 25 or 28 cents. That is the very low-water market that that wool can be produced at. It is a subject that is at once and instantly affected by the tariff taxes. There is no question about that. It always has been so and it always will be so.

I propose to put into my remarks, when I get the privilege of revising them, some statements narrowed down to the operation of these two tariff laws in the State of Ohio.

Answering my own question, that no good can come of it, I say that you will paralyze the industry of manufacturing in this country just as rapidly as you did in 1892, that nothing will grow cheaper, but a poverty of efficient means to keep up the market which has always followed a reduction of the tariff. There is nothing truer, there is nothing truer ever written in the history of American politics, than that little paragraph in the platform of 1904—that low tariff has always brought adversity and high tariff has always brought prosperity. I know that my friend Clark and I have had many a battle over that. I never got him anywhere nearer to believing what I said than when he first disputed it, and if he would live a hundred years he would be in the same fix, so far as that is concerned; but nevertheless it is true, absolutely true, and above all things, it would paralyze the natural production to the country.

Take the thing that comes out of the ground and is a monopoly, created by the Almighty, and you can not afford to destroy it because you may think for the time being, for a short period of time, you might supply the trade even at a cheaper price.

Gentlemen, I have said all I desire to and am greatly obliged to you for listening, and will be very much obliged to you if you see fit to stand for Schedule K, which some of you gentlemen know was a very dear friend—I was a dear friend to it, it was to me—in the struggle of the conference committee on the Dingley bill, and if any change is

made there are two propositions there that I want to suggest. If there is any change made, there ought to be this:

As to this cheap wool which we do not manufacture, which we do not raise, there ought to be still stronger safeguard against frauds, by reason of the skillful importation into this country of vast quantities of the higher-priced wool under the guise of the cheaper wool.

The skirting clause was injustice; never has worked well; but, I think, speaking for the woolgrowers whom I know anything about, they would rather stand by the evils they have than fly to others that they know not of, and standing always upon this simple proposition, they come and appeal to you and say: "Gentlemen, put that tariff just as low, if you think it will do any good, as will maintain a fair price for our products, and when you have got the full measure of the evidence before you as to the cost of production of wool, you will find that to-day the tariff on wool is as low as will furnish a fair remuneration for the producer."

Mr. CLARK. I am glad to see you here again.

Mr. GROSVENOR. Thank you.

Mr. CLARK. Have you confined your remarks—you had started when I came in—entirely to the production of wool? You did not go into the question of manufacture, did you?

Mr. GROSVENOR. No. That has been exhaustively treated. I said I would assume the statements and deductions of Mr. Justice to be true.

Mr. CLARK. Now, as I understand it, the wool may be considered the finished product of the farmer so far as the wool is concerned?

Mr. GROSVENOR. Yes.

Mr. CLARK. Then the second process is woollen yarn. That is the finished product of the wool?

Mr. GROSVENOR. Well, I do not—

Mr. CLARK. Well, we will not go into that. How many sheep are there in Harrison County, Ohio?

Mr. GROSVENOR. Now?

Mr. CLARK. Yes.

Mr. GROSVENOR. They have been increasing so fast under the Dingley law that I do not think I could tell you, but I could tell you what there were—

Mr. CLARK. How many were there when the Wilson bill went into effect? You stated that, I think; how many were there in Harrison County?

Mr. GROSVENOR. There were 153,000 in 1891, and they had increased to 161,000 in 1892.

Mr. CLARK. Do you know what is the lowest number they reached in that county?

Mr. GROSVENOR. In 1896 they had run down to 92,000.

Mr. CLARK. How many are there now?

Mr. GROSVENOR. I don't know.

Mr. CLARK. You will be surprised to learn, then, that there are only 96,535 now?

Mr. GROSVENOR. I would not.

A VOICE. It would not be a fact.

Mr. CLARK. It is given in the report of the secretary of state of the State of Ohio.

Mr. GROSVENOR. I expected to have had a tabulated statement from all the counties. I will tell you that in the State of Ohio the increase of sheep is out of all proportion to that suggested.

Mr. CLARK. Well, I want to get at the facts. There is a thing here that puzzles me a little. I have the report of the secretary of state of Ohio, which gives the number in Harrison County in 1907 as 96,535; and I also have a report from the state auditor which gives the number that year in that county as 160,365.

Mr. GROSVENOR. Yes.

Mr. CLARK. There is a discrepancy of about 10,000.

Mr. GROSVENOR. Well, it would depend on the time of the year when the two reports were gotten up.

Mr. CLARK. I suppose that would not be a very large variation.

Mr. GROSVENOR. The auditor of the state would be able to give the most accurate information, because he gives the amount of sheep returned for taxation.

Mr. CLARK. Assuming that it is 107,000 and odd, then how do you explain the amazing fact, taken in connection with your statement, that the number is as low as 107,000, when under the McKinley bill it ran up to 163,000?

Mr. GROSVENOR. Yes; 160,000. Well, you take an isolated county, a single county in the State, and changes in the agricultural conditions take place, which would perhaps account for that.

Mr. CLARK. The only reason I took that county was because you named it. How many sheep were there in Ohio when the McKinley bill went out?

Mr. GROSVENOR. I have that information at the hotel. I brought everything connected with that along with me, but I did not bring it up here to-day. I was feeling so badly used up this morning that I did not come here quite as well prepared as I might have done. It may be that I have it here, though; I will see.

Mr. CLARK. You can furnish that, can you not?

Mr. GROSVENOR. Yes; I will do that.

Mr. CLARK. I want to ask you another question. What is the average tariff on Ohio wool? I understand that there are many different grades of wool.

Mr. GROSVENOR. We have the two grades, but we do not produce—I do not think we produce—any of the cheap wool, the low-priced wool. The tariff is 11 and 12.

Mr. CLARK. The auditor of the State—I understand you think that gives the information better than the other report—gives the number of sheep in the State of Ohio as 2,294,138 in 1907, or practically two million and a quarter.

Mr. GROSVENOR. Yes.

Mr. CLARK. And the clip was given as 12,789,451.

Mr. GROSVENOR. In the first place, sheep in Ohio have advanced from the prices of one year ago more than 200 per cent. That was the statement made September 1, 1897. Immediately following the Dingley law, more than 200 per cent. And to show why, here is a statement that throws light on it.

“Wool which sold heavily in the market a year ago at 14 and 15 cents sells readily to-day at from 20 to 25 and 27 cents.”

That was directly the effect of a tariff law that had not really got into effect.

Mr. CLARK. There were other causes operating in 1897, a general revival of trade and business throughout the world?

Mr. GROSVENOR. Certainly; it began the day after election in 1896.

Mr. CLARK. But it did not begin in England, France, and Germany, and all the rest of the world the day after election, did it?

Mr. GROSVENOR. You and I would likely differ about the facts.

Mr. CLARK. I am trying to get at the facts. I would like to ask you how you explain the fact that wool is so much lower this year than it was last year?

Mr. GROSVENOR. I don't know, but I can imagine—it would be a mere guess. What do you think was the reason of it? Intelligent individuals like myself very much feared that Bryan was going to be elected this year.

Mr. CLARK. Well, I suppose that along in July and August the prospects were pretty fair for his being elected.

Mr. GROSVENOR. That would reduce the price of wool instantly.

Mr. CLARK. There is no use to waste time on what has passed. I believe this. If you confess that you did have some fears about Bryan being elected at any stage of the proceeding, then I think you ought to have a monument built as an illustration of truth. You are the only man I have seen, the only Republican, that will confess that he did not know all the time that Taft was going to be elected by an overwhelming majority. [Laughter.] And to be perfectly frank, I will state that a good many Democrats have said the same thing, too. I want to ask you this question, too. There was no question about Taft being elected, I think. Now, that being the case, why has not wool gone up a great deal since his election?

Mr. GROSVENOR. It has gone up.

Mr. CLARK. How much has it gone up?

Mr. GROSVENOR. I don't know, but wool has advanced, and for the first time in the last year or two years there is a great anxiety to make contracts for the future crop of wool.

Mr. CLARK. Do you know—

Mr. GROSVENOR. It is like everything else.

Mr. CLARK. Do you know whether President-elect Taft, in his great scheme of tariff revision, has suggested that he would like to see the tariff on wool reduced a little, or has he gone into specifications about it?

Mr. GROSVENOR. I have read everything he has said, that I have seen printed, and I know nothing more than that; and I suppose you have read everything he has said which you have seen, and you know as much as I do about it.

Mr. CLARK. I have tried to.

Mr. GROSVENOR. Yes.

Mr. CLARK. You know a good deal more about a good many of these things than a good many of these people that have appeared here. They are specialists and understand their particular business, and have not turned their attention to what this committee has turned its attention to and what you have, in days gone by—and probably it is the case still—turned your attention to. If we hold to all of these tariff rates, if we stand pat, then how are we going to get

hold of enough revenue to fill up this deficiency in the revenue of the Government?

Mr. GROSVENOR. Well, if I was a Member of the House of Representatives—

Mr. CLARK. I wish you were—

Mr. GROSVENOR. I would mark out a line of action, but as it is, I don't think I am called upon—I charge for what I know. [Laughter.]

Mr. CLARK. Well, that is all right. I am in favor of Taft giving you a good office over here, so you will give us the information.

Mr. GROSVENOR. Well, the first time I ask him to do it he will give it to me; you can bet your life on that.

Mr. CLARK. I want to ask you another thing. I want to ask you if this is not true: That just exactly in proportion as the land goes up in value in Ohio and Indiana and Illinois and Iowa and Missouri that the sheep industry falls off, as a matter of logical sequence?

Mr. GROSVENOR. It is affected by the price of land; yes.

Mr. CLARK. And that is the reason why the Dingley rate has not increased the number of sheep in Ohio to any considerable extent, is it not?

Mr. GROSVENOR. It has had some effect on that question undoubtedly. The entire amount of what I call sheep land was, under the Dingley Act and under the McKinley law, pretty well occupied, but we can not take \$200 an acre farming land, such as you have got in Illinois, and I suppose in Missouri—because you have got as good land as anybody has in the world—and raise sheep profitably on that sort of land. Although I am not a farmer now, I was a farmer once—

Mr. CLARK. The reason I ask you those questions is that in passing through Ohio and Indiana (and also in Missouri, so far as that is concerned, up there in the high-priced lands, where I live, in north Missouri) occasionally you see a bunch of sheep, but it is very rarely you see any on that high-priced, fine, arable land. As I understand, most of the sheep industry is confined to the rough land down toward the Ohio River in Ohio.

Mr. GROSVENOR. Wherever it is, there are streaks of it in many parts of Ohio.

Mr. CLARK. The truth is that you can not raise sheep profitably on high-priced lands; is not that the fact?

Mr. GROSVENOR. I don't think it is as profitable as other crops—other investments.

Mr. CLARK. I believe that is all.

Mr. GROSVENOR. But I quit where I began; you can not raise them at all unless you keep the price of wool up to where it is now.

Mr. BOUTELL. I would like to ask you one question. You used two adjectives that seemed to me especially significant. In the first place you said that you thought that any material reduction in the tariff on wool would be disastrous.

Mr. GROSVENOR. I do, yes; any material reduction.

Mr. BOUTELL. There might be some difference of opinion as to what was material.

Mr. GROSVENOR. If my opinion is worth anything, I do not believe it will stand one particle of reduction. You must remember that when this bill was made—I may be allowed to refer to it—there was a very strong influence in the East, and from Brother Dingley him-

self, in favor of putting a lower tariff than this one on wool, and in that way we all of us compromised downward at the time. I do not believe, therefore, it can stand any reduction of the tariff.

Mr. CLARK. Can you tell the committee how many different tariffs there are on a coat, for instance, or any finished product?

Mr. GROSVENOR. No; I do not know that I can.

Mr. CLARK. There is a tariff on raw wool?

Mr. GROSVENOR. Yes.

Mr. CLARK. Then there is another tariff on combed wool; is not there an extra tariff on combed wool?

Mr. GROSVENOR. I don't think so. It may come in under the head of "partly manufactured."

Mr. CLARK. There is another step, yarns; there is still another tariff on yarn?

Mr. GROSVENOR. Yes; but after all there is only the one tariff.

Mr. CLARK. Wait a minute. Then when you get the yarn made into cloth there is another tariff on the finished product. You have four tariffs, cumulative?

Mr. GROSVENOR. Not at all, not at all; there is only one tariff, the tariff on wool, and that is all.

Mr. CLARK. I will ask you this: The wool combers make what is called "tops" out of wool?

Mr. GROSVENOR. Yes.

Mr. CLARK. Do they not claim they ought to have a tariff on tops because there is a tariff on the raw wool?

Mr. GROSVENOR. I don't know what they claim.

Mr. CLARK. Well, is there not a tariff on it?

Mr. GROSVENOR. I don't know; I never bothered myself about anything but the raw material of the manufacturers, and that is wool, and having put a tariff on wool, it comes in through the custom-houses, and it doesn't make any difference what other tariffs there are. To illustrate: Take a thousand pounds of wool and pay the duty at the custom-house. Now, you may make it into tops or into yarn or whatever you please, you never pay any more duty on that wool. But if you go abroad and buy the tops and buy the yarn and buy the partly manufactured article, of course you have to pay the duty on that particular article.

Mr. CLARK. What I was getting at is this: I stated as a fact that there are four tariffs, and the man with the raw wool gets his tariff; then the man with the tops claims he ought to have an extra tariff above that wool tariff, to protect him against the wool combers of Europe. Then comes along the man that spins the woolen yarn. He claims that he ought to have a tariff on his finished product, to shut out these European spinners, and then, when the man makes it into cloth he claims that he ought to have another tariff to shut out the competitors he has on the finished article. So you have got four tariffs.

Mr. GROSVENOR. Oh, no; there is only one tariff. There is only one tariff on wool. If a man brings it in partly manufactured, it is a higher tariff than if it is raw, that is all.

Mr. COCKRAN. I suppose what you mean is that after the tariff is once made that it can be worked up into different products in this country without any additional tariff?

Mr. GROSVENOR. Yes.

Mr. COCKRAN. For instance, if you pay upon the raw material, of course all the other stages of manufacture are free?

Mr. GROSVENOR. Yes.

Mr. COCKRAN. And if it comes in in the form of cloth, then the tariff that is imposed on that covers all the other elements?

Mr. GROSVENOR. Yes.

Mr. COCKRAN. So there is really but one taxation?

Mr. GROSVENOR. Yes.

Mr. COCKRAN. I think that is clear. Do you agree with Mr. Justice that woollen goods can be bought in this country cheaper than anywhere else—I mean of equal quality?

Mr. GROSVENOR. I can not answer the question; I never bought but one piece of goods in my life, and that was some tweed, outside of Dublin, and that was what they call Blarney tweed; that is all I ever bought where I never saw any like it in this country.

Mr. CLARK. I would like to ask you another question if Mr. Cockran is through. If you can not buy woollen clothes cheaper in England than in America, then how does it happen that every time you take a trip across the ocean, as you frequently do, and as Mr. Cockran frequently does, and as a good many other gentlemen here frequently do, that you all buy a lot of clothes in England? Is it to get the London trade-mark on your clothes—like Governor Dingley with that hat that Jerry Simpson was after—or is it because you get the goods cheaper?

Mr. GROSVENOR. I never bought a suit of clothes in London in my life that I liked any better than I do from this tailor down here, George Keen.

Mr. CLARK. I was not asking you that; I was asking you what made you buy the clothes abroad?

Mr. GROSVENOR. What makes a fellow buy a cocktail in the morning?

Mr. CLARK. Generally because he needs it from what he drank the night before.

Mr. GROSVENOR. I think it is because he is easily fooled. You yourself will not find, if you try it, that you can make any money buying clothes in London or anywhere else over there.

Mr. CLARK. I have never been over, but I am going to find out if I do go over.

Mr. GROSVENOR. You will learn a lot of things if you do go over there. [Laughter.] I do not mean that in any disrespectful way. I have heard you tell stories of pairs of shoes, and you will learn about that.

Mr. CLARK. I hope I will. If I find I can not buy clothes in London cheaper than I can buy them in the United States—I mean clothes of the same quality—I will come back home and buy the clothes here.

Mr. GROSVENOR. That is right; you will come home.

Mr. HILL. Is it not a fact from your experience that you can buy ready-made clothing cheaper in the United States than you can anywhere in the world, and that you can buy clothing made to order and measured and made to fit in London cheaper than anywhere else in the world?

Mr. GROSVENOR. Yes; I think somewhat cheaper.

Mr. CLARK. You picked out the highest tailor you could to illustrate your point.

Mr. RANDELL. In reference to the tariff and the result on the Treasury, I will ask you, do you not think that in view of the fact that so much woolen goods are imported in the country it is evident there is a sufficient amount of production here to supply the market, and that is the reason it comes in?

Mr. GROSVENOR. I think that is so; yes.

Mr. RANDELL. That is a fact, is it not?

Mr. GROSVENOR. Yes.

Mr. RANDELL. That necessarily shows—

Mr. GROSVENOR. I would not keep it out, either.

Mr. RANDELL. What I want to ask you is this: Do you not think if you maintain the tariff on wool and make some reduction on the manufactured article, would not that largely increase the importations, increase the amount received in the Treasury, and also stimulate the business of this country—the consumption of wool and woolen products?

Mr. GROSVENOR. Well, that would have to be tested. It might do it. I can not say about that.

Mr. RANDELL. But it would increase the revenue, would it not, in your opinion?

Mr. GROSVENOR. As a representative of the interests of the wool-grower, I will be compelled to say that, in my opinion, there is about as fair a situation between the manufactured product and the wool, and I would not recommend—

Mr. RANDELL. I am interested in the wool people myself.

Mr. GROSVENOR. Of course you are.

Mr. RANDELL. And in the—

Mr. GROSVENOR. You have a great deal more land than you are occupying that might become profitable for woolgrowing.

Mr. RANDELL. In reference to the increase of the tariff, would the revenue be greatly increased by a small reduction in the wool schedules, importations, and manufactured articles?

Mr. GROSVENOR. I do not think it would, not on wool itself. I will answer that this way: Unless there was such a general reduction of the tariff as to bring about hard times.

Mr. RANDELL. A general tariff here of about 58 per cent on wool and wool products necessarily means a high price to the consumer in this country.

Mr. GROSVENOR. Of those products?

Mr. RANDELL. Yes, sir. We are paying a large tax for that. Here is what I want to get at. Those of us who are interested in the wool production want to get at this. Also in cotton. We are interested in the general good of the country. Now, would it not be possible for us to reduce the tariff, especially on wool manufactures, and thereby increase the revenues to the Government and increase the consumption of woolen products in this country and especially encourage the production of wool and woolen manufactures?

Mr. GROSVENOR. I think maintaining the exclusive use of the home market will develop the production of woolen manufactures and stimulate the use of them far better than any attempt to bring any foreign products in in competition.

Mr. RANDELL. The present tariff on woolen manufactures is absolutely prohibitive, is it not?

Mr. GROSVENOR. Not at all.

Mr. RANDELL. It would be if the amount of wool could be produced in this country for home consumption; it would be prohibitive.

Mr. GROSVENOR. It would undoubtedly reduce it.

Mr. RANDELL. Then you stand for a prohibitive tariff?

Mr. GROSVENOR. No; I do not.

Mr. COCKRAN. I understand that in the manufacture of woolen goods it is impossible to produce in this country certain qualities of wool that must be imported for the purpose of being mixed with the native product.

Mr. GROSVENOR. I don't know about the mixing.

Mr. COCKRAN. Well, in the manufacture—

Mr. GROSVENOR. I suppose there is some wool produced in the British possessions in Africa, perhaps, that we can not produce in this country; I don't know much about that.

Mr. COCKRAN. What I wanted to ask you was whether that foreign article was not essential to the use of our own, whether they did not need to be mixed?

Mr. GROSVENOR. I do not think so. That old mixing story has not much foundation. It is a good deal like the story about it being necessary to mix certain cotton that we import from abroad with our domestic cotton. We have heard something about that.

Mr. COCKRAN. Am I to understand you that you do not believe that is so?

Mr. GROSVENOR. I do not think so. At least, if it is, I do not know it. I never considered it a matter of study of any value in this wool question, and I can not answer you satisfactorily.

Mr. GAINES. I have been repeatedly told by West Virginia farmers that the smaller farmers in West Virginia, woolgrowers, became so discouraged after their experience under the Wilson bill that they had not resumed the business of growing sheep.

Mr. GROSVENOR. That is undoubtedly true in Ohio.

Mr. GAINES. Is that also true in Ohio?

Mr. GROSVENOR. Unquestionably so, because over and over again you talk to a farmer about it and he says, "Well, if I had any assurance that this was going to stay as it is now, I would go into it, but not otherwise."

STATEMENT OF MR. W. WICKHAM SMITH, REPRESENTING HENRY BENTELL & SON, IMPORTERS OF CARPETS, ETC., 133 FIFTH AVENUE, NEW YORK CITY.

Mr. SMITH. Mr. Chairman and gentlemen of the committee, representing Bentell & Son, importers, of New York, I desire to submit to your honorable committee the importance of some reduction in the rates of duty upon carpets and a change in the wording of one of the paragraphs which will correct an inequality and injustice.

Paragraph 373 provides a duty of 60 cents per square yard and 40 per cent ad valorem on Saxony, Wilton, and Tournay velvet carpets. We import these carpets and the duty upon a Wilton carpet

imported by us at this compound rate is equivalent to 98 per cent ad valorem.

Paragraph 374 provides for Brussels carpets. These also we import, and the equivalent ad valorem duty of the compound rates we have to pay is 105 per cent ad valorem.

Paragraph 375 provides for velvet and tapestry velvet carpets at a duty of 40 cents per square yard and 40 per cent ad valorem. These carpets we import. On the velvet carpets the equivalent of the compound duty and ad valorem is 109 per cent. On one tapestry carpet the ad valorem equivalent of the compound rate is 133½ per cent, and it is absolutely debarred.

We submit that these rates of duty are excessive and that they should be substantially reduced. We do not suggest any particular rate for any particular carpet, but we do think that these duties are too high.

Paragraph 379 provides a duty of 10 cents per square foot and 40 per cent ad valorem on carpets of every description woven whole for rooms. The specific duty, of course, amounts to 90 cents per square foot. We believe that it was the intention of Congress, in the use of the language "carpets woven whole for rooms," to provide for carpets woven according to plans and specifications for particular rooms, to exactly fit all the irregularities that might be found in such a particular room, from projecting pillars or other irregularities of like character. As such carpets are only ordered by persons of great wealth, and as they must be woven on particular looms, and command a very high price, the duty of 90 cents per square yard and 40 per cent on such carpets is not unreasonable; but in practice the Treasury Department applies this provision to what may be called seamless carpets, woven in regular standard sizes, such as 12 feet by 9 feet, 14 feet by 11 feet, and 15 feet by 12 feet. These carpets are manufactured in large quantities to be used, for example, in flats or apartments. They may be in any grade of carpet, and are sometimes in very cheap grades. They are not luxuries of the rich, but are common carpets, in use by people of moderate means.

Now, the application to these goods of the duty of 90 cents per square yard and 40 per cent ad valorem results in making the duty on one variety equivalent to 156 per cent ad valorem; on another quality 155 per cent ad valorem, and on another quality 136 per cent ad valorem. It can not be supposed that Congress intended that ordinary staple goods should be subjected to such exorbitant rates of duty. Carpets of this character are in increasing demand and are furnished both by foreign and American factories, and these rates of duty are prohibitory of importation and result in practically turning over the entire control of this growing and important branch of the business to the domestic manufacturer.

It will be readily seen that by the application of such a rate of duty the ad valorem equivalent of the compound rates decreases in proportion as the value of the carpet increases, so that the duty bears most severely upon the low grades. For example: Under this system of duties a carpet costing \$1 per square yard would pay a duty of \$1.30, which is 130 per cent ad valorem. A carpet costing \$2 per square yard would pay \$1.70, which is a duty of 85 per cent ad valorem. A carpet costing \$3 per square yard would pay a duty of \$2.10 a square yard, which is 70 per cent ad valorem.

Believing that your committee will not wish to allow an inequality of this character to be continued after it has been pointed out, we respectfully request that paragraph 379 be amended to read as follows:

Oriental, Berlin, Aubusson, Axminster, and similar rugs and carpets of every description, woven whole for rooms, ten cents per square foot, and in addition thereto forty per centum ad valorem, provided that the terms "carpets of every description woven whole for rooms" shall be applied only to such carpets as are woven on special looms in accordance with plans and specifications, to fit particular rooms, and shall not be applied to seamless carpets of standard sizes.

Paragraph 382 provides that art squares shall be subjected to the rate of duty herein imposed on carpets and carpetings of like character or description. We import art squares, which are ingrain carpet. Paragraph 377 provides for treble ingrain carpet at 22 cents per square yard and 40 per cent ad valorem. Paragraph 378 provides for 2-ply ingrain carpet at 18 cents per square yard and 40 per cent ad valorem. The treble ingrain art squares that we import are subject to a compound duty, which amounts to 63 $\frac{1}{2}$ per cent ad valorem, and the 2-ply ingrain art squares that we import are subject to a compound duty, which is equivalent to 66 per cent ad valorem. As these art squares are generally articles to be used by persons of moderate means, we submit that these rates of duty (which are practically prohibitory of importation) are excessive, and we suggest that a duty of 45 per cent, or certainly not to exceed 50 per cent ad valorem, would be a sufficient exaction on these goods.

STATEMENT OF MR. ARCHIBALD MOORE, MANNINGTON, W. VA.

Mr. MOORE. Mr. Chairman and members of the committee—

Mr. GRIGGS. Are you a manufacturer or grower?

Mr. MOORE. I am a producer of wool—a grower.

I come to represent the wool industry, which is conceded to be of nation-wide importance.

Wool is grown in all the States and Territories of the nation, so that in the wide sense it is an American industry. We have been appointed to speak here for the States of Ohio, West Virginia, and Pennsylvania. I also want to speak for the wool growing industry in general. Besides speaking for the States that I have named, I represent the Tri-State Sheep Breeders' and Wool Growers' Association, representing Ohio, Pennsylvania, and northern West Virginia.

As I have said, I think it will be conceded that the wool business is of nation-wide importance. When we refer to any particular section we are practically referring to the industry throughout the country. Wool is grown in all the States and Territories of the nation. There is not a single section of country that is not represented in some way and in some degree by this business.

I have a table of the amounts of wool produced in 1907 in all the States of the country, not including the amount of lambs that were marketed in each of these States, but the wool production merely.

I represent what is known in the country as the "fine-wool district," which includes about 22 counties of eastern Ohio, 4 or 5 or 6 of eastern Pennsylvania, and the northern panhandle of West Virginia. But we do not speak for the fine-wool country only, but for the cause in general.

The status of our industry is such that we can not maintain it throughout the country under a low tariff. While it is true that we are in competition with the whole world on our own soil, we are in especial competition with Australia and the Argentine Republic.

I want to say, Mr. Chairman, that the wool industry in this country is perhaps more sensitive to changes and tariff duties than any other industry in the country. It is represented in the first place by hundreds of thousands of producers, some large and some small. It is a business associated with other industries of an agricultural character in most sections of the country.

In the West, where they have large ranches, they carry on the business as a specialty, but in most of our middle and eastern sections of the country it is associated in some way with other lines of agriculture, and as an industry, as a business, it is keenly sensitive to any changes or modifications of tariff regulations.

We have found, however, by experience, that we can not produce wool profitably under a low tariff.

I have referred to the competition from Australia. It was long thought that Australia produced a better quality of wool than we were capable of producing in this country. That, gentlemen, is not true, for in the hardest competition in the various expositions of the world we have won the first premium offered over all comers and goers.

The Argentine Republic is so close to us and can produce wool in such quantity, in such bulk, at such low average expense, that they are our hottest competitors, perhaps. I think that will not be disputed.

The United States produced last year in round numbers 300,000,000 pounds of wool. The figures, as I have them, are 298,294,750 pounds of washed and unwashed wool.

Of scoured wool we produced last year 130,357,118 pounds.

Most of our wools are sold in the market on a scoured basis. It sold on the average of 62½ cents on the scoured basis, together with the pulled wools of the country, which sold at a lower rate. From these we had an income of \$78,263,365.

The standing of this industry in the States which we represent especially as a committee may not be without interest to you.

Ohio produced last year 1,950,000 fleeces, 45 per cent of which graded as fine wool and 55 per cent medium, amounting to 12,187,500 pounds of washed and unwashed wool, which brought \$3,717,180.

Pennsylvania had a clip of 900,000 fleeces, 25 per cent fine and 75 per cent medium, amounting to 5,400,000 pounds, which represented an income to the State of \$1,647,000.

West Virginia produced 500,000 fleeces, 75 per cent fine and 25 per cent medium, amounting to 2,750,000 pounds, which sold for \$815,100.

What effect would the reduction of the duty on foreign wools have on this industry in our own country? Taking into account the comparatively small cost at which wool can be produced by our strongest competitors and the cost of production in this country, it is not difficult to see how that if the present rate of duty were made less it would work a hardship on the home industry and prove a corresponding advantage to our competitors. Our business would be so paralyzed that many of our people could not long continue in it. It could not possibly be thought a wise expedient to thus smite this, one of our

most appropriate and widespread industries. We had a severe test of this policy during the years 1892-1896, and although we have had an unparalleled period of prosperity following those years our business has not fully recovered from the shock received by the subtle operation of the Wilson bill. If the Argentine Republic can ship through the ports of this country more than 23,000,000 pounds of wool annually of the various classes under the present duty, what would she not do if the rate were reduced or removed?

If Australia can carry on a profitable business by exporting wool to this country despite the protecting wall of our tariff, what would she not do if this restriction were removed? If, protected by a revenue none too high now, the United States can maintain this important industry at only a living profit, unable to meet the demands of any year, and with a possible capacity equal to many times the production of any one year, what would become of our industry if we had any less protection than we now have? It has been intimated that we can not produce the finest grades of wool in this country. This is a false assumption, however, for it is true that we do grow as fine a staple as can be grown in the world. At the various expositions of the world our product has been in the hottest contests and we have won the highest premiums.

It has also been suggested that we do not produce carpet wools in this country, but it is a well-known fact that we do grow wool here used for this purpose.

In conclusion, allow me to insist that the wool industry is fundamental to this country. It is suited to every section. The physical conditions of our lands furnish an ideal home for the "golden hoof." Its presence is called for in order to keep up the fertility of our lands. The grass-producing ability of our soils, together with the abundant water supply in most sections of the country, promote it.

There is a country-wide disposition to push this industry to a much larger volume, but so long as we are dealing with contingencies and uncertainties and possible changes it will be difficult to put this business on the high plane of success which it justly merits. Safeguarded with a tariff not for revenue only, but for protection, and the interest for which we plead will continue to prosper, and it will thus be enabled to withstand the hot competition of the outside world.

Mr. CLARK. What makes you say that the fine-wool industry is confined to 22 counties in eastern Ohio and the panhandle section of West Virginia and 5 or 6 counties in Pennsylvania?

Mr. MOORE. Because that is historically true.

Mr. CLARK. Is that historically true or is it just pride of opinion on the part of the people who happen to live in that favored section?

Mr. MOORE. I repeat that we are not swayed in our judgment by any dispositions of pride, but simply speak from the facts.

Mr. CLARK. Where do you live exactly?

Mr. MOORE. I live in Mannington, W. Va. My home has been in Wheeling, W. Va., for a number of years.

Mr. CLARK. Can they not raise just as good wool in the rest of Ohio and Illinois and Missouri and Iowa and that rich country through there as that wool that you raise?

Mr. MOORE. They can not.

Mr. CLARK. What is the reason?

Mr. MOORE. We have a combination of influences there. We have the soil and the climate and the water and other conditions possibly entering into it that combine to make a superior wool. We may ship our sheep from West Virginia, for example, 300 miles west, or out into your own State—and I think we made a shipment to your own State not long ago—and we find that those same sheep produce a different grade of wool out there from what they produced at home.

Mr. CLARK. What kind of sheep are they?

Mr. MOORE. The fine-wool sheep.

Mr. CLARK. We have fine-wool sheep, too.

Mr. MOORE. But you can not compare with us in point of quality on your wool.

Mr. CLARK. We have as good water and as good feed for our sheep, and have the same breed of sheep.

Mr. MOORE. That may be, but the fact is you can not produce the quality of wool we produce, and the wool you produce is judged by the standard of that produced in our section.

Mr. CLARK. You gentlemen got hold of the association and fixed the grades yourselves?

Mr. MOORE. No; our quality of wool fixes the grade.

Mr. GROSVENOR. Did you ever find any discrimination of that kind in the wool prices at Boston or other markets?

Mr. MOORE. The quotation of prices at Boston is always made with reference to foreign wools of Ohio, Pennsylvania, and West Virginia.

Mr. GROSVENOR. Exactly, and they are all alike?

Mr. MOORE. All alike; yes. That refers especially to this fine wool section.

Mr. CLARK. If your statement is true—and of course I am not accusing you of making a misstatement—it is a very curious climatic or some other fact.

Mr. MOORE. It is a fact nevertheless.

Mr. CLARK. I want to ask you two or three more questions. What kind of land do you raise sheep on in West Virginia—is it mountain land or level land?

Mr. MOORE. We have very little level land.

Mr. CLARK. I understand, but you have some of the richest land in the world in West Virginia. I lived there a couple of years myself and I know all about it.

Mr. MOORE. I am glad you are a fellow West Virginian.

Mr. CLARK. I am a Kentuckian, but I went there for a couple of years—stayed there for two years—and I sometimes wish I had stayed there, because maybe I would have got rich if I had gotten in right. What is the price of the land that you raise sheep on?

Mr. MOORE. It varies from \$100 to two and a half an acre. Our more valuable lands, however, are in the northern part of the State. I should not say that without some qualification. There are some very valuable lands in the central part of the State.

Mr. CLARK. There are not many sheep raised in the Panhandle?

Mr. MOORE. Yes; there are.

Mr. CLARK. That is high-priced land, is it not?

Mr. MOORE. Yes.

Mr. CLARK. That is fine land?

Mr. MOORE. Very good land.

Mr. CLARK. As a matter of fact, you raise nearly all these sheep in West Virginia on rocky land that you can not do anything else with, do you not?

Mr. MOORE. No, sir; I beg your pardon.

Mr. CLARK. How many sheep are raised in the United States?

Mr. MOORE. Thirty-eight millions and a little over. That is, there are 38,000,000 shorn. We have a lamb product; about 50,000,000 all told. I was speaking of the number of fleeces.

Mr. CLARK. What proportion is raised east of the Mississippi River?

Mr. MOORE. I can give you those figures if you will give me a little time.

Mr. CLARK. I wish you would put them in your brief.

I want to ask you half a dozen questions along that line. Is it not true that just in proportion, almost precisely, as agricultural lands, lands fit for agriculture, arable lands, lands such as that have gone up in Pennsylvania and New York and Ohio and here lately in West Virginia, Indiana, Illinois, Missouri, Iowa, and all that agricultural country proper, that the sheep industry has been crowded into the mountains?

Mr. MOORE. Not by any means.

Mr. CLARK. Do you believe that if there could be a law passed to-day, as unchangeable as the laws of the Medes and Persians, fixing this Dingley rate on wool as the rate to prevail forever, that the American people could produce enough wool in the United States to supply the wool market?

Mr. MOORE. I certainly do.

Mr. CLARK. Would it not be cutting out more profitable agriculture?

Mr. MOORE. Not by any means. Take our own State as an example. We have hundreds of thousands of blank acres; that is, acres that have not been reduced to producing ability, or that produce no crops; we could quadruple our sheep in West Virginia.

Mr. CLARK. You do not sow blue grass?

Mr. MOORE. In some sections of the State we do.

Mr. CLARK. As soon as you cut the timber off the blue grass comes up of itself.

Mr. MOORE. That is true of some sections of our State, and we are very glad it is so.

Mr. CLARK. I am, too.

Mr. MOORE. We take from you the honor of being the blue-grass country now.

Mr. CLARK. I have always said the best blue-grass country in the United States is the Panhandle of West Virginia, although that grass grows waist high in Missouri. But what I am trying to get at is this: Is not this an industry that naturally goes to land that you can not use for other purposes?

Mr. MOORE. No; I do not think so.

Mr. CLARK. How does it happen it has been driven out of that fine farming land in Ohio and Indiana and Missouri and Iowa?

Mr. MOORE. I want to say to you that our business in 1892 and '93 and '94 and '95 and '96 received such a shock that our shepherds were resorting to every sort of means to try to save themselves from the

wreck; they tried crossing flocks that had for a long time been well bred, so as to produce mutton, to make up for the loss which was brought upon us by the effect of the Wilson law. I want to say that we have not yet recovered from the shock that that law gave us.

Mr. CLARK. If you can not recover in eleven years, is not that evidence that you never can recover?

Mr. MOORE. You understand, it takes eleven years or more to put flocks back to where they were, even by careful breeding.

Mr. CLARK. There is not a sheep living who is 11 years old, is there?

Mr. MOORE. Oh, yes; but it takes a long time to breed up again, and our fine wool is the result of careful breeding, as well as our natural advantages and conditions; the two things unite to help us in producing this fine quality of wool. We were well-nigh paralyzed in that whole section of country by the applied principle of the Wilson bill.

Mr. CLARK. But I take it under the remarkable stimulus of the Dingley law eleven years would be sufficient to enable you to get back to where you were.

Mr. MOORE. We are getting back.

Mr. CLARK. But you have had eleven years, and you have not got back yet?

Mr. MOORE. We will be back. I speak for the whole country.

Mr. CLARK. How do you account for the fact that wool is lower this year than it was last year? It is almost one-half lower, is it not?

Mr. MOORE. No.

Mr. CLARK. How much lower is it?

Mr. MOORE. It sold in the early part of the season for from 3 to 5 cents more per pound—that is, our unwashed wools brought 22 and 23 cents earlier in the season, and now they are bringing 25 and 26 cents. Our washed wools brought 26 and 28 cents in the early part of the season, and are now bringing 32, 33, and 33½ cents.

Mr. CLARK. There are three ways to make profit out of sheep—wool, lambs, and mutton. Does the price of wool put up the price of mutton or not?

Mr. MOORE. No, sir; the price of mutton is controlled largely by the price of other meats in the country.

Mr. CLARK. Do you know enough about the sheep business in the United States generally to know where they use the big sheep?

Mr. MOORE. In the mountain country and in the dry country.

Mr. CLARK. In the agricultural belt proper do they raise a small, inferior sheep?

Mr. MOORE. The mutton sheep are not a small sheep.

Mr. CLARK. What kind of a sheep do they use out there?

Mr. MOORE. You have the down sheep.

Mr. CLARK. We have them in Missouri. But what do they use in the semiarid country?

Mr. MOORE. They have crossed their flocks, as a rule, with the Merino ram, and have produced a cross that has not quite such an extent of carcass, not quite so much weight, but still it is regarded as a wool-producing sheep and produces finer wool than would be produced on the coarser.

Mr. CLARK. Did you ever see any of the sheep raised on the Catalina Islands?

Mr. MOORE. I have not.

Mr. CLARK. They are about one-sixth or one-seventh or one-eighth as big as the sheep that we have.

Mr. MOORE. You say one-sixth as large?

Mr. CLARK. Yes. That is in the Catalina Islands. That is the ideal sheep-raising country, so they told me when I was in California. Of course I have suspicions about that since I heard the Californians here.

Mr. MOORE. It depends on what may make up an ideal sheep country. The Argentine Republic is an ideal sheep country in point of production.

Mr. CLARK. Would you not have enough patriotism, enough interest in increasing the revenue of the country, to stand a little shave off of this duty on wool from the Dingley bill?

Mr. MOORE. No; I do not think we can stand the least bit. You will agree with me that the law of self-preservation is a good law?

Mr. CLARK. Yes; and there is another law that is a good law, and that is to supply enough money to run the Government.

Mr. MOORE. But it would be a faulty policy to save the Government by smiting one of our principal industries.

Mr. CLARK. Here is the question: We have to raise more revenue and have to raise it out of the tariff, and yet everyone who appears before us wants to hold stiff the rate he has, and if we don't have any reduction anywhere how are we going to raise the necessary revenue for the purposes of the Government?

Mr. MOORE. We are standpatters of a royal type; there is no question about that.

Mr. FORDNEY. What did you get for your wool in 1896 that you are now getting 32 cents a pound for?

Mr. MOORE. We got 12 cents and 15 cents.

Mr. FORDNEY. What is the average weight of your sheep?

Mr. MOORE. In Ohio it is 6½ pounds, in West Virginia it is 5½ pounds, and in Pennsylvania it is just 6 pounds.

Mr. FORDNEY. Twelve and one-half cents a pound is what you got in 1896?

Mr. MOORE. Twelve to 15 cents; yes.

Mr. CLARK. Did you not answer just now that you were selling at 22 cents?

Mr. MOORE. Yes; this year, not in 1896.

Mr. CLARK. Brother Fordney is raising it 10 cents a pound.

Mr. FORDNEY. I understood the gentleman to say that in the early part of this year wool brought 25, 26, and 27 cents, but that that wool was now bringing 30 and 32 cents.

Mr. MOORE. That is correct.

Mr. GAINES. That is, the washed wool?

Mr. MOORE. Yes. We sell wool on the basis of washed and unwashed wool. The unwashed wool of the same quality as the washed wool would be sold for 20 or 22 this year.

Mr. GRIGGS. I suppose you know that short cotton has no protection?

Mr. MOORE. I do not know much about cotton.

Mr. GRIGGS. Do you know that in the same year that cotton sold for from 4 to 6 cents?

Mr. MOORE. No; I do not know about cotton. I have not kept myself informed as to the production of cotton or the prevailing prices for cotton.

Mr. GRIGGS. Within three years cotton sold for from 4 to 6 cents, without any relation whatever to the tariff. That is about one-half the cost of production.

Mr. MOORE. I know this. In the town where I live——

Mr. GRIGGS. And your wools do not go down more than one-half?

Mr. MOORE. It went down one-half; yes, sir.

Mr. GRIGGS. I say it did not go down more than one-half.

Mr. MOORE. I could not speak as to the corresponding relation between the price of cotton and wool.

Mr. GRIGGS. Everything went low?

Mr. MOORE. Yes.

Mr. GRIGGS. Was not everything low at that time, whether protected or unprotected?

Mr. MOORE. Everything was low.

Mr. GROSVENOR. Yes; everything goes together.

Mr. GRIGGS. What is the percentage of labor cost in the price of wool?

Mr. MOORE. I can not answer that.

Mr. GRIGGS. Say wool is selling for 22 cents a pound. What percent of that is labor?

Mr. MOORE. That is a very difficult question for anybody to answer, there are so many features that enter into the production of a pound of wool. I could not fix any basis that would be conservative. I should estimate the production of a pound of wool as being dependent upon the valuation of the land, upon different food values, different prices of labor, and all those things entering into the consideration; so that it would be difficult to fix an estimate that would be authoritative.

Mr. CLARK. There is less labor cost in raising wool than in raising most anything else on the land, is there not?

Mr. MOORE. I don't know, sir. I would not pretend to say.

Mr. CLARK. All the labor that ever attaches to it is putting up a fence to keep the sheep in the field and fix a place for them to stay and feeding them and shearing them and taking them to market?

Mr. MOORE. If you enumerate a few other things you will have mentioned about all. If you entertain the idea that to take care of a flock of sheep is mere pastime, you are certainly mistaken. It requires good muscle and good brain and careful attention. Flocks of sheep are more sensitive to neglect than any other animals.

Mr. CLARK. I know sheep have to be well taken care of, and so do hogs; but I still ask you if, as a matter of fact, there is not less labor cost in the production of sheep than almost any other agricultural industry?

Mr. MOORE. I could not answer that; but I don't think so. Take some crops, like small fruits, berries, and so forth. I am sure they do not require any more labor than to take care of an average flock of sheep.

Mr. CLARK. You have not raised berries, have you?

Mr. MOORE. Not very much.

Mr. CLARK. That is all.

STATEMENT OF MR. P. G. JOHNSTON IN BEHALF OF THE IDAHO WOOLGROWERS.

My name is P. G. Johnston; residence, Blackfoot, Idaho. I represent the Idaho woolgrowers and am also a member of the National Woolgrowers' Association, executive committee and board of control. I have been actively engaged in woolgrowing for the past twenty-three years in the States of Utah, Wyoming, Nevada, and Idaho. The cost of wool production has during the last ten years increased very much. In order to obtain a relative statement bearing on the cost it will be necessary for me to make a comparative statement of the expenses incurred ten years ago and the expense at present, and apply them to a given number of sheep, which constitute a flock, namely, 1,700 head, consisting of 1,200 ewes and their lambs and 500 yearlings.

In 1897 the expenses incurred were:

1 herder, at \$35 a month.....	\$420
1 camp tender, at \$25 a month.....	300
Board for the two of them, \$25 per month.....	300
Shearing, at 7 cents each.....	119
Feeding hay, at 20 cents each.....	340
Total.....	1,479

In 1907 the expenses incurred were:

1 herder, \$50 per month.....	\$800
1 camp tender, at \$40 per month.....	480
Board for the two men, \$50 per month.....	600
Forest reserve grazing fee, 7 cents each.....	119
Shearing, at 10 cents each.....	170
Feeding hay, at 50 cents each.....	875
Total.....	2,844

From the foregoing statement it will be seen that the cost of production has actually increased \$1,365. The present tariff protection of 11 cents per pound on a 7-pound fleece (which is the Idaho average) amounts to \$1,309, and, as above stated, the increase in expense being \$1,365, it will be readily observed that the tariff is more than offset by the advanced cost of production. The sheep husbandry is one of Idaho's most foremost industries and the profits derived therefrom are being used in assisting to develop the State in the highest sense of the term, namely, the building of homes, schools, and churches, and bringing to pass that growth of community life in our agricultural centers which makes residence therein really enjoyable and means much for the future welfare of the State.

The business is one that requires constant patience and care and can not be neglected even for a day in the entire year. The shepherd of to-day is the flock owner of to-morrow. The Idaho woolgrower and the people of Idaho in general are very desirous that the present tariff remain just as it is.

As to the effect of the Wilson-Gorman bill on the woolgrowing industry of Idaho, it needs no comment whatever. Its effect has been indelibly stamped upon the mind of every man engaged in the wool industry in Idaho. I want again to repeat that I think that a reduction in the tariff means disaster to the business. Conditions have changed in that industry. The country has been rapidly settling up, and the cost of production, according to these figures, which are abso-

lutely true, on the basis set forth, justifies us in asking that the tariff remain where it is on wool, which is a finished product to the farmer and to the laborer.

Mr. CLARK. How much would your herd of 1,700 sheep cost per head?

Mr. JOHNSTON. At what period of time?

Mr. CLARK. At any period of time. The present period is preferable.

Mr. JOHNSTON. In the year 1903 they were worth \$1 each; in the year 1908 they were worth \$2.50 each, and in the year 1907 they were worth \$3.50 each.

Mr. CLARK. What are they worth now?

Mr. JOHNSTON. Well, I think \$3.50 would be an average price.

Mr. CLARK. Are they worth \$3.50?

Mr. JOHNSTON. Yes, sir.

Mr. CLARK. Is it the same sort of sheep?

Mr. JOHNSTON. Yes; the same sort of sheep.

Mr. CLARK. Have they not been graded up by breeding in the last eleven years?

Mr. JOHNSTON. We have been increasing somewhat in that respect.

Mr. CLARK. Is it not a fact that that same kind of sheep out there will raise more wool and produce more mutton than heretofore on account of their higher grade?

Mr. JOHNSTON. They will make more mutton, perhaps.

Mr. CLARK. Will they not make twice as much mutton as heretofore?

Mr. JOHNSTON. No.

Mr. CLARK. Will they not make twice as much wool?

Mr. JOHNSTON. No.

Mr. CLARK. According to the last figures you read you have \$2,840 yearly expenses. Is not your pasture free?

Mr. JOHNSTON. No, sir.

Mr. CLARK. Are you not running your sheep on government land?

Mr. JOHNSTON. No; we are paying for the sheep which we run on the government range.

Mr. CLARK. How much do you have to pay for that?

Mr. JOHNSTON. Possibly \$6 in some instances.

Mr. CLARK. State it in all instances.

Mr. JOHNSTON. I am not prepared to give the figures on that.

Mr. CLARK. When did the Government commence to charge for running sheep on the ranges?

Mr. JOHNSTON. I can not answer that question, but for ten years it has been necessary for the western sheep grower to develop and establish himself permanently by investment in real estate, either through scrip railroad lands or the public lands, or leasing or buying land.

Mr. CLARK. Yes; I know that conditions have changed since the smaller farmers came in. How much rent do you have to pay?

Mr. JOHNSTON. I would be unable to say.

Mr. CLARK. About how much?

Mr. JOHNSTON. We pay 20 cents to the State and 12½ cents to the Government.

Mr. CLARK. For pasturing land?

Mr. JOHNSTON. Yes, sir; but that is more than the average.

Mr. CLARK. What is the average? I am not trying to trap you in any way. I just want to know the facts.

Mr. JOHNSTON. I am trying to answer so that I will not be trapped. I do not want to make any statement that I can not substantiate.

Mr. CLARK. I want you to state it if you know.

Mr. JOHNSTON. I do not know. We pay the Government for the summer range and we pay the State for the spring range.

Mr. CLARK. Then you do not pay twice for the same acreage?

Mr. JOHNSTON. Oh, no.

Mr. CLARK. Do you rent as many acres during the winter as you do during the summer, or is it about the same?

Mr. JOHNSTON. It is not always that we are able to winter all of our sheep. It is seldom that we are able to do it during the winter. We take the sheep in and feed them hay.

Mr. CLARK. Then, if that be so you do not rent as much land from the State for winter purposes?

Mr. JOHNSTON. No.

Mr. CLARK. What I am trying to ascertain, if possible, is as to how much pasturage you have for sheep and what it costs you.

Mr. JOHNSTON. If you will permit me to value the real estate holding necessary to handle sheep in the State of Idaho under present conditions and charge a reasonable interest upon that investment I will submit a statement which will be entirely true and will answer your question. I can not do it now.

Mr. CLARK. Very well; I wish you would do that. I am not trying to bother you. I merely want the information. If you own the land—and I assume that you do, and if you do not you ought to—but if you own the land, then with this flock of 1,700 sheep as a unit, tell us how much the real estate is worth and the interest on it, and then how much it costs for outside pasturage, food, the labor for shearing, and all the other expenses, and then on the other side put your income, and from that subtract the other amount, and it will give you the amount of profit, which will be divided by the capital invested.

Mr. JOHNSTON. I should be glad to do that.

Mr. CLARK. You raise fine sheep in Idaho, do you not?

Mr. JOHNSTON. Strictly speaking, only a small amount. We raise what is known as the graded sheep.

Mr. CLARK. You are constantly increasing the grade?

Mr. JOHNSTON. We are constantly crossing the grades and breeding back and forth in an endeavor to produce that kind of sheep that will best stand the climatic conditions and produce a reasonable amount of mutton.

Mr. CLARK. For what do you breed principally in Idaho, for the mutton or for the wool?

Mr. JOHNSTON. We breed for both in equal proportion. They are both equally considered.

Mr. CLARK. May I ask you what kind of sheep you breed? What is the name of the breed?

Mr. JOHNSTON. Our present flock of sheep we have owned for twenty-one years, and we are continually mixing and buying breeds. It is not possible on those ranges, with their rigorous climate, to get something that is standard and that will stand the climate, but it is necessary to intermingle the breeds continuously in an endeavor to

maintain that degree of vigorousness that will permit sheep to endure that rigorous winter climate.

Mr. CLARK. You do not raise those big sheep, what we call the Shropshiredowns, which are raised in the northern part of Missouri and in Illinois and Iowa?

Mr. JOHNSTON. I think I can answer that if you will state the weight of the Shropshiredowns.

Mr. CLARK. Well, they are as big as a yearling calf, some of them. Have you plenty of water in Idaho for sheep-raising purposes?

Mr. JOHNSTON. We have in certain places, but we have our arid region.

Mr. CLARK. Do your sheep drink any water at all?

Mr. JOHNSTON. Yes, sir.

Mr. CLARK. It is sometimes the case on the western coast with these big sheep that they will start to breeding them, and as they do not get a drop of water they gradually go down in weight.

Mr. JOHNSTON. No; our sheep go out in the snow six weeks in a season. The arid lands are 40 to 50 miles from us and our sheep get water from the snow.

Mr. CLARK. They raise a breed of sheep in Nevada and on the islands off the coast of California that never drink a drop of water from the time they come into the world until they get to be old sheep.

Mr. JOHNSTON. I would not be able to verify that, though it might be true.

Mr. CLARK. It is true, provided the people who told it to me told the truth. Of course, I do not know. I know that when they told me that these sheep on the Catalina Islands did not get a drop of water to drink, it surprised me very much. I was told that that was the case in Nevada; and when I came across a man in the Catalina Islands who had a herd of sheep—over 100—I cross-examined him after he told me this tale. I asked him what the quality of the meat was and he said that it was drier than the meat of other sheep, and I consider that it must be considerably drier.

Mr. GRIGGS. You read in your statement that your expenses in raising sheep were \$2,840?

Mr. JOHNSTON. Yes, sir.

Mr. GRIGGS. How many pounds of wool will you obtain on an average from those sheep?

Mr. JOHNSTON. Seven pounds.

Mr. GRIGGS. If you get 11,900 pounds at 22 cents a pound, it would be \$2,606?

Mr. JOHNSTON. We do not get 22 cents a pound.

Mr. GRIGGS. What do you get?

Mr. JOHNSTON. I would say about 17 cents.

Mr. GRIGGS. Then 5 cents of that will have to come off, and therefore you get about \$1,800 at 17 cents?

Mr. JOHNSTON. Yes, sir.

Mr. GRIGGS. Then you are losing \$1,000 a year on the flock?

Mr. JOHNSTON. No; we produce a quantity of mutton, and if it were not for that we could not stay in business.

Mr. GRIGGS. What is the production of mutton per year? We have the cost, and now what is the value of the mutton?

Mr. JOHNSTON. If the paper which I have promised to prepare for Mr. Clark will satisfy you and answer your question I will put that in the statement.

Mr. GRIGGS. Very well.

Mr. CLARK. How many sheep do you have in a herd?

Mr. JOHNSTON. Seventeen hundred is the limit made by the forest reserve. That is the limit of the grown sheep that can be put into the herd. Since that is the limit used, and I estimate an increase of 80 per cent, that is the basis for the statement which I make.

Mr. GRIGGS. Do you sell about 80 per cent?

Mr. JOHNSTON. No; we must retain some.

Mr. GRIGGS. And some die?

Mr. JOHNSTON. Yes. I shall try to prepare an intelligent statement along the lines of your question.

(At this point the chairman called the name of Mr. J. M. Wilson, of Wyoming, who failed to respond. Mr. William Whitman, of Boston, was called, who proceeded with a statement for five minutes, but was interrupted by a recess at 1 p. m.)

AFTERNOON SESSION.

COMMITTEE ON WAYS AND MEANS,
December 2, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

STATEMENT OF MR. WILLIAM WHITMAN, OF BOSTON, PRESIDENT OF THE NATIONAL ASSOCIATION OF WOOL MANUFACTURERS, REPRESENTING THIS ASSOCIATION, THE AMERICAN ASSOCIATION OF WOOLEN AND WORSTED MANUFACTURERS, AND THE MANUFACTURERS' CLUB OF PHILADELPHIA BEFORE THE WAYS AND MEANS COMMITTEE AT WASHINGTON, DECEMBER 2, 1908.

Mr. WHITMAN. I represent and am authorized to address you on behalf of the National Association of Wool Manufacturers, of which I am president, also on behalf of the American Association of Woollen and Worsted Manufacturers, and on behalf of the Manufacturers' Club of Philadelphia. These organizations combined embrace the common interests of those engaged in the manufacture of wool from the raw material to the finished cloth. I have, however, no authority to speak for the carpet interest.

The National Association of Wool Manufacturers was organized in 1864, and is one of the oldest, if not the oldest, association of its kind in the country. During all the years that have elapsed since its formation it has been engaged in defending the woollen industry from the assaults of those opposed to the protective policy of this nation, and I believe it is safe to say that until very recent years the woollen tariff has been the pivotal point of attack by the enemies of the protective policy. Because of this no other national industry has been subjected to so many and such violent assaults, culminating in the abrogation of the wool duty in 1894, and the consequent

removal of the compensating duty on goods. The wool duties were restored in 1897 by the present law, under which more substantial progress has been made in the woollen industry than during any corresponding previous period. We have shared in the common prosperity of that era of unexampled national development. While we believe we have not had our full proportion of this prosperity, we have not at any time been so discontented as to ask for tariff revision.

Fair play for all interests.

While we have not claimed that the existing law was to be regarded as sacred, and could not be improved upon, nor doubted the wisdom and justice of Congress in the enactment of a new law, we have during the past five years believed that any gain that might come to us under a new law would be more than offset by the evils necessarily attending tariff agitation. Therefore our industry has not joined in any movement for increasing, reducing, or removing any duties in any industry. The time having come, however, when it is deemed wise to revise the tariff, and you having already entered upon the work of revision, I am here not only to address you on behalf of the woollen industry and to make to you such suggestions as seem pertinent, but also to offer the services of the National Association of Wool Manufacturers to furnish you with such information in writing as it may be able to give in response to some specific request from you. My personal statement will deal only with general conditions and will not be overburdened with statistics. Permit me to preface further remarks with an expression of what I assume to be the underlying principle in all tariff revision, which I hope may guide you in your decisions.

The economic policy of this country should be governed by the interests of its productive industries, which give to the country its wealth, to its labor remunerative wages, and to its people the comforts of life. Commercial and general prosperity must inevitably accompany prosperous agriculture, mining, and manufacture.

Our chief raw material is wool. We do not ask for any reduction from the duties thereon, believing that the existing rates should be maintained. Our chief reasons for assuming this position are:

(a) We believe that American woolgrowers are entitled to protection against foreign woolgrowers.

(b) We believe it to be essential that a great national industry, like that of the woollen industry, should be founded upon independence of foreign countries for the principal supply of its chief raw material. The American woolgrower already supplies 70 per cent of the wool used in the wool manufacture.

(c) We believe that the encouragement of the sheep husbandry not only makes for the security of the woollen industry, but results in cheaper food and clothing for the people.

It is undoubtedly true that classes of imported wools, used very largely in this country, are not grown here and can not be grown to advantage. It is equally true that some foreign wool used in this country is superior for some fabrics to home-grown wools; but we also believe it to be true that all imported wools compete either di-

rectly or indirectly with American wools. The considerations I have mentioned appear to us to be relatively insignificant compared with the importance of maintaining a national industry based upon home-grown wools made into products having the especial characteristics of such wools. While I believe American wools are capable of being greatly improved, yet, in my judgment, even as they now are they are the best wools grown in the world for use in clothing our people.

No increase of duties asked for.

We ask that wool tops, a semimanufactured article, now dutiable under the blanket clause, or paragraph 364 in Schedule K, covering all manufactures of wool not specially provided for, be transferred to and specifically made dutiable under paragraph 365, relating to yarns. This is a reduction of duty, but we believe that the change will leave sufficient protection.

We do not ask for any increase whatsoever in any of the duties now protecting the manufacture of wool, for we regard the present schedule as the most satisfactory ever drawn, and the present protection as adequate for the best interests of the industry. In expressing our content with existing rates in the schedule, it is with the distinct understanding that the customs administrative law shall be strictly enforced.

Comparative costs not practicable.

We should have been glad to furnish you with information relating to comparative costs of production of woolen goods in foreign countries and the United States, but this is unobtainable. Our manufacturers are not admitted to the factories of Europe, and it is not possible to secure reliable details from foreign manufacturers regarding either costs, operations, or systems of production. Every avenue of information regarding the foreign wool manufacture is jealously guarded from American inquiry by foreign manufacturers; but even if we were granted every opportunity for investigating costs of production both abroad and at home, we do not believe the results would assist you in revising the woolen tariff under conditions that now exist in the industry.

There are very few, if any, woolen fabrics that can be considered staple fabrics. Such as might possibly be so regarded are not made exactly alike by either foreign or domestic manufacturers; nor are they made exactly alike by the same manufacturers for a continuous period. So-called staple fabrics are nearly always undergoing changes of construction in conformity with the varying quantities and character of raw-wool production and changing prices to meet the demands of buyers to produce garments at fixed prices. The variety of fabrics included under the classifications of Schedule K is so extensive that they can not be enumerated, much less compared.

One or two simple illustrations will give you some idea of the variety of the product. In cotton-warp dress goods, cotton yarns are used in numbers from 20s (1 pound of which yarn contains only 16,800 yards of length of a single strand) up to 140s (1 pound of which contains 117,600 yards, or 67 miles in length of a single strand). The product of a spinning spindle on 1/20 is 1.8 pounds per week of fifty-eight hours, while the product on 1/140 is only one-eighth of a pound per week. It would be beyond the scope of a statement of

this character to attempt a description of the varieties, forms, and combinations of such yarns in manufacture. In cloths, wools are used varying from 2 inches to 18 inches in length, and the fibers of such wools vary from one five-hundred-and-fiftieth to one two-thousandth of an inch in diameter. These different classes of wools require different machinery and different systems of machinery for working them, and there is a wide variation in the product of the different wools from the different machinery. Woolen yarns are used in sizes from 1,600 yards to 56,000 yards to the pound; cloths vary from 27 inches to 60 inches in width and from 3 ounces to 20 ounces per square yard in weight. The threads per inch in the filling vary from 24 to 300. In this connection it is necessary to consider the infinite variety of patterns, styles, colorings, and combinations embraced in this immense variety of fabrics, all of which are constantly changing under the capricious dictates of fashion.

Another obstacle in the way of such investigation arises from the many subdivisions of the industry both at home and abroad, and more especially abroad. The wool comber produces the tops; the worsted spinner produces the yarns; the weaver makes the cloths; the dyer colors the goods or, if they are yarn-dyed fabrics, dyes the yarn before it is woven; the merchant makes up and packs the goods in the form required by buyers.

No established system of estimate.

What I have thus far stated is a mere sketch, and is only meant to serve as an indication of the difficulties attending an investigation into comparative costs; but were it possible to overcome all these difficulties, and were there an open door to all required information, we should be at once confronted with the fundamental questions, What is the cost of production and what is meant by the relative cost of production in different countries? There may be, doubtless there are, some commodities manufactured where the cost of manufacture can be determined with reasonable accuracy; but even with such, there must be wide variations in the cost according to locality, wages of labor, skill in management, trade conditions, and quality of product; and in order to determine the actual cost it will be found necessary to establish a given basis for calculations in order to make the comparisons of value. So far as my knowledge extends, there is no established system among manufacturers of estimating the cost of manufacture. It will be found on investigation that the cost of manufacture of a given product will vary according to individual methods of calculating.

Permit me to suggest the elements of factory cost which are to be embraced in any schedule for calculations on a given basis:

Cost of materials; cost of labor; cost of supplies; cost of repairs; expenses; transportation; cost of power; cost of management; fixed charges, including insurance, taxes, rents; interest on borrowed money; capital charges, including interest on value of plant, interest on active capital employed; depreciation on buildings, machinery, and equipment; reserve for contingencies, such as bad debts, depreciation of materials, diminished production or stoppage of mills.

In considering these, the following questions naturally arise:

1. Shall the costs indicated be based on a maximum or minimum or an average production?
2. How shall the value of the plant be determined to secure uniformity of valuation?
3. What rate of interest on capital is a proper rate?
4. What is a proper charge for depreciation?
5. What is a proper charge for reserves?

Vital factors in the problem.

It is obvious that capital will not seek investment in manufacturing enterprises with their attendant risks unless with the expectation of a larger return than the legal interest on the whole capital employed, and it seems clear that those engaged in such enterprises as the woolen manufacture are entitled to a reasonable profit over and above that which would naturally accrue to capital from other kinds of investment; in fact, good returns serve as a stimulant to industry. The necessity of a common basis of valuation of the plant becomes apparent, because the estimates made by a man with a plant valued at \$200,000 would be very different from the estimates of him who owned a plant equally good and valued on his books at only \$50,000. In entering into any comparative costs with foreign countries it would seem clear that such foreign costs should be calculated on the same principles as American costs, though necessarily the basis would be different. It would also be difficult to eliminate from such an investigation the selling price and cost of distribution both abroad and at home.

But if I am in error in all that I have stated to you, and it should be found practicable to determine with precision comparative foreign and American manufacturing costs, their value after all would be only temporary, because there is and always will be a constant evolution in the woolen industry, and a continual change in the amount of protection afforded by the ad valorem rates of duty to American manufacturers, because of the changing values abroad. Therefore, it seems to us in considering the revision of the tariff on woolen manufactures the practical way of arriving at correct results is through the following inquiries:

1. Are the work people engaged in this industry being paid excessive wages? We answer, We do not think they are.
2. Are the others engaged in the industry, those in the management and those in the ownership, whether private or corporate, receiving excessive profits in their business? We answer, They are not.
3. Is there any monopoly in the manufacture of woolen goods or any branch of the woolen industry? We answer, There is not.
4. Are the duties now imposed on woolen goods so high as to prohibit importation? We answer, No; the importations have increased.

If we are correct in this reasoning it would appear that a lowering of the tariff would reduce the wages of labor, and should this be true our labor would flock to other and better-paid industries; or if the reduction should diminish the profits to those engaged in the wool manufacture, then it would follow that other investments would be more attractive and the woolen industry would lose its capital.

Prosperous under the present tariff.

Under the Dingley law from 1897 to the present time the wool-manufacturing industry has made reasonable progress, recovering from the severe depression that resulted from the Gorman-Wilson law of 1894. According to the records of the Bureau of the Census there has been a steady growth in the wool manufacture, indicated by a comparison covering half a decade, as follows:

	1900.	1905.
Capital invested.....	\$310,179,749	\$370,861,091
Number of employees.....	163,808	185,592
Cost of materials.....	\$181,158,127	\$242,561,096
Value of product.....	\$206,900,484	\$380,934,003

The United States stands first among manufacturing nations in the amount of wool consumed, but the United Kingdom and France produce larger quantities of the finer goods, so that in the total value of the wool manufacture the United States stands in all probability third, or close to Germany. Our great volume of production of woolen goods has an important effect upon the world's range of prices. If the American wool manufacturing industry were seriously injured and its output reduced by tariff changes the prices of woolen goods would rise all over the world.

The American home market is by far the greatest market in the world for wearing apparel of all kinds, and particularly for the woolen and worsted fabrics required by our relatively severe climate. The American people, the most prosperous in the world, buy more and better clothes than the people of other nations. Practically all of the products of American mills are absorbed by the American market. Great Britain, France, and Germany, producing great quantities of woolen and worsted fabrics, all export a large proportion of these goods. Their domestic market, in its regular demands, is not comparable with that of America.

A most important industry.

The actual value of the wool manufacturing industry is not adequately set forth in published statistics. To say that there is \$370,-861,091 of capital invested in this industry, employing 185,592 people and producing goods of a value of \$380,934,003 in a single year, does not give an exact idea of its importance, for these figures do not include the great woolgrowing industry on the one hand or the manufacture of clothing on the other, and both of these interests are dependent upon the efficiency and prosperity of the wool manufacturing industry for their own prosperity. The woolgrowers of America can find no market for their product outside of the United States, and the manufacturers of clothing must have access to a great and varied output of fabrics developed to meet the peculiar tastes and needs of the American people.

Unlike some other manufacturing industries, the wool manufacture takes its materials in the raw state from the farms and ranches and by its own processes transforms this raw material into highly

finished goods. The woolen or worsted factory is therefore far more than a mere place where many products already finished are assembled. It is a complex, difficult, ambitious manufacture, and yet its finished product, the woolen or worsted fabric, is but the raw material of another industry, of the manufacturer of clothing, the wholesale clothier, the merchant tailor, and the dressmaker. All these trades are directly and vitally interested in the welfare of the wool manufacturing industry of the United States.

No trust or monopoly.

This industry of wool manufacturing is not dominated by any trust or monopoly. According to the census of textile manufactures for the year 1905, there are more than 1,200 wool manufacturing establishments in this country, of which 333 are operated by individuals, 311 by firms and partnerships, and 567 by corporations. Here, as elsewhere, there is an undoubted tendency toward large corporate management, but individual manufacturers and firms and partnerships remain a very great and significant factor in the industry.

Not only is the wool manufacture in many hands and not dominated by any great trust or monopoly, but this industry is not one of those that can be accused of developing a large export trade through the expedient of selling goods abroad more cheaply than at home. The total exports of manufactures of wool from this country are and always have been relatively insignificant. These exports for the fiscal year 1907 amounted to only \$2,239,106, or a little more than one-half of 1 per cent of the total annual product of American mills. These exports, by the way, consisted largely of ready-made clothing sold in the near-by markets of Canada and Mexico.

Only a moderate profit.

The wool manufacture has not been profitable enough to be attractive to investors. Stocks of corporations engaged in this industry are not eagerly sought, and it is difficult to dispose of them. Dividends are relatively small. Exceptional cases of large profits are due to accretions of capital during a long series of years remaining uncanceled—that is, to undercapitalization—or to extraordinary skill in management. Few great fortunes have been made by wool manufacturers, and these few, as a rule, have been acquired in enterprises and investments outside of this manufacturing industry.

A few years ago Gen. William F. Draper, one of the clearest thinkers and ablest economists of his time, a former distinguished Member of Congress, personally known to many of you, and himself a remarkably successful man of business, made a careful computation of the profits of 65 typical Massachusetts manufacturing corporations for a ten-year period. The result of this precise examination showed that these New England manufacturing concerns, among which many textile establishments were included, had made in the decade actual profits averaging only 4.86 per cent on the par value of their stock and 3.87 per cent on the selling value of their stock. This certainly is only a moderate return on the capital invested and on the skill and energy requisite for the prosecution of a business far more hazardous than most mercantile pursuits. General Draper's

research affords proof of an economic truth which no disinterested observer will dispute—that the greatest fortunes of this country, as a rule, have not been won in textile manufacturing.

Protection should not be reduced.

We ask that the present system of compound duties, established as early as 1867, be maintained; that the specific duties compensatory for the duties on wool should not be changed, and that the present ad valorem rates on manufactured goods be kept without reduction. The reasons in favor of the specific duties compensatory for the protection given to the woolgrowers of this country have been advanced in every tariff discussion since 1867, and are equally valid and unanswerable at the present time. It is not necessary for me to occupy your time by an elaborate argument in behalf of adequate protection for the woolgrowing industry, so essential to the prosperity of American agriculture. Nor is it necessary to contend at any length that the wool manufacturers should be fairly compensated for the cost of the tariff protection on their raw materials. I shall therefore confine myself to a brief statement of a few of the chief reasons why the present ad valorem rates for the protection of the manufacturers should be maintained without reduction.

Foreign imports steadily increasing.

The protective duties covering the wool manufacture are not prohibitive. Under the present tariff there has been a steady and considerable increase in importations from abroad, as follows:

Imports of manufactures of wool entered for consumption, fiscal years ending June 30, 1898–1907.

Year.	Foreign values.	Duty-paid values.
1898.....	\$13,500,241	\$24,150,566
1899.....	13,973,852	27,249,433
1900.....	15,620,487	29,905,268
1901.....	14,729,450	28,178,756
1902.....	16,977,872	32,528,112
1903.....	19,302,007	36,846,701
1904.....	17,632,313	38,961,847
1905.....	18,021,042	34,568,634
1906.....	22,353,501	42,538,640
1907.....	22,357,206	42,349,232

Mr. GRIGGS. Do you include in that the raw wool also?

Mr. WHITMAN. These are manufactured goods.

Mr. GRIGGS. They are all manufactured goods?

Mr. WHITMAN. Manufactured goods; yes, sir.

The increase during the period of ten years was, in round numbers, about 70 per cent.

In the first column the values are those set upon the goods abroad, and these are often less than actual values, for undervaluation is unfortunately a frequent practice of European manufacturers and exporters of woollen goods. In the second column are the foreign values with the duty added—and these duty-paid values are presented here

because they are a fairer measure of the amount of American goods displaced in the American market by these foreign importations. These increased importations have been chiefly of the lighter and finer goods, in the cost of which skilled labor is an important factor. The American manufacturers of these goods are engaged in close and incessant competition with foreign manufacturers, who have the advantage of labor which, though cheaply paid, is thoroughly trained and efficient.

A full statement of the imports of manufactures of wool in all classes in the year 1898, and also in the year 1907, showing the increase of importations, is submitted as Appendix A of my remarks.

HIGHER WAGES FOR THE OPERATIVES.

Besides this heavy increase in foreign importations, which has pressed hard upon a large and important branch of the wool manufacture, there has been a marked increase in the wages demanded by the operatives. The records of the Bureau of Labor of the Department of Commerce and Labor show that in the manufacture of woolen and worsted goods the increase has been from a ratio of 100.2 in 1897 to a ratio of 131.9 in 1907—a gain of very nearly one-third in the earnings of the work people. These higher wages are the result of an imperative demand. Manufacturers have had to pay them in order to secure competent workers in competition with other American industries.

The wool manufacture is often described as a protected industry. But I should like to make right here the point that this is only a partially protected industry after all—an industry partially protected by the tariff as compared with other industries absolutely protected by nature or geography. Take, for example, the building trades. A house can not be imported. A business block can not be brought over bodily from Europe. Every dwelling, every warehouse, every church or schoolhouse in America must be constructed here, must be built from foundation stones to roof by American labor. Therefore the building trades are an absolutely protected industry. So is the publishing of a newspaper or the management of a bank or store.

But the product of the woolen or worsted mill, the yarn or cloth, can be made in Europe and laid down here at a trifling cost of ocean freight, to compete with and displace the product of American manufacturing. That the tariff gives us only partial protection the increasing volume of foreign imports shows.

In this connection, and as emphasizing the fact that the wool manufacture and similar interests are only partially protected industries, I wish to file as a part of my remarks, as Appendix B, a statement which I have prepared, "What are the protected industries?" and also, as Appendix C, a schedule of wages in the woolen industry drawn from the records of the Bureau of Labor of the Department of Commerce and Labor.

I do not care to take up your time in going fully into the question of what are the protected industries, but the pamphlet, while it is short, deals fairly fully with the subject.

Not only have the wages of operatives in this country been materially increased, but the whole tendency of law is toward a restriction

of the hours of employment. Thus the legislature of Massachusetts, by an act to take effect on the 1st of January, 1910, has reduced the maximum hours of labor in manufacturing and mechanical establishments from fifty-eight per week to fifty-six, and this example will doubtless be followed by the lawmakers of other manufacturing States. Such restrictions, of course, reduce the earning power of capital by reducing the time in which great and expensive plants of machinery may be actively and profitably employed.

CLOTHING THE ARMY AND NAVY.

As one result of the protection given to the American wool manufacturer the uniforms required for the enlarged army and navy can now be provided entirely within the United States. Many hundred thousand yards of blue woollens and olive-drab worsteds are now furnished every year by American manufacturers for this purpose. The contract requirements of the Government call for the use of American fleece wools, raised, of course, within the boundaries of the United States. The requirements of our Government are stricter than those of the British Government, and it is believed that the color of the British military fabrics could not stand the test of exposure that ours are compelled to undergo.

It may be safely stated that the army of the United States is now clothed better than any other army in the world. Goods of domestic manufacture are taken by the Government as the standard for its requirements. When the khaki-colored cloth, which renders a regiment invisible at 500 to 800 yards, was introduced, American manufacturers spent several months in experimenting with English cloth, testing it both for color and for quality. And they believe that they have now managed to produce a superior fabric.

This ability of our own mills to supply the needs of the Government is gratifying to patriotic sentiment, but it is even more than that, for it means that in case of an emergency American mills can easily produce a fabric of standard color and quality in quantities sufficient to clothe an army as great as the United States would ever have to raise. The manufacturers who have achieved this result are certainly deserving of all reasonable consideration from the Government. I have procured from the War Department and the Navy Department statements showing the quantities of clothing purchased during the past five fiscal years, and present these as Appendix D of my remarks.

In behalf of the manufacturers of Philadelphia I would like to read this very short statement:

WAYS AND MEANS COMMITTEE, *House of Representatives:*

Unlike the iron and steel industry, where machinery manufacture cheapens the cost of production, the manufacturer of worsted and woollen textiles has no advantage over his European competitor in quantity produced; man for man, loom for loom, the production is the same. The climate of England, France, and Germany is better adapted for spinning than ours, and they can spin finer yarn from the same grade of wool than we can here, and consequently can run their spinning frames at a higher rate of speed, thus getting greater production. The oft-repeated story that an American workman can produce more than his brother abroad is false as far as the worsted and woollen trade is concerned.

Our mills have been built at a high cost of labor and materials and are partially filled with machinery that has paid a duty of from 30 to 60 per cent.

All the numerous articles which go to equip a mill have cost from 30 to 50 per cent more than the amount required abroad.

Our wages are from double to three times the foreign standard, double what are paid in England and three times the amount paid in France and Germany.

There is no reason why the rates of duty should be lowered on worsted and woolen textiles, as conditions which prevail to-day are no different from those which prevailed at the time the Dingley bill became a law, with one exception, namely, our wages have increased.

We are importing from two to three million dollars per week, foreign cost, of dry goods, and this fact is conclusive proof that the tariff should be raised rather than lowered.

That is presented by Mr. N. T. Folwell, and attached to the paper is a statement of imports for the last week, taken from the New York Sun of November 29, which is as follows:

Imports of general merchandise and dry goods as reported at the custom-house compare as follows with those of last week and of the corresponding week a year ago:

IMPORTS OF GENERAL MERCHANDISE AND DRY GOODS.

	This week.	Last week.	1907.
Dry goods.....	\$3,043,382	\$3,173,408	\$3,316,954
General merchandise.....	9,407,418	12,160,021	9,123,688
Totals.....	12,411,390	15,339,429	12,440,622

Since January 1, 1906, \$558,102,382; 1907, \$768,705,887.

Although I have spoken of the difficulties attending securing any information from foreign countries, we have secured, so far as worsted spinning is concerned, the cost of wages paid in Great Britain and in Belgium and in France. These were only received last night, and have not been put in proper form to present to the committee, but they will be in proper form and will be filed. Those figures, however, refer only to the wages of the operatives, and that is only a part of the question of wages.

Mr. CLARK. Could you not give the substance of them, so that you might be asked a few questions?

Mr. WHITMAN. Well, so far as I am able to judge, the wages in the worsted and woolen industry in Great Britain are about one-half, rather less than one-half, the wages paid in New England and Pennsylvania. In Germany I think they are about one-third. In France they are probably more than one-third of our wages. I should estimate that perhaps our wages are equivalent to, say, two and a half times those of France. But when these are figured out, so far as they go the actual percentages will be stated.

In the statement I have from England it shows that our wages are 120 per cent higher than those of England. They correspond to-day pretty nearly, there being hardly any relative difference with the wages paid a good many years ago when I presented to the Ways and Means Committee of that time a table showing the wages paid in Yorkshire and the wages paid in the United States, and that table was absolutely accurate, and I do not think it has varied particularly from that time to this. That is, the relative rates have not varied. These papers were secured by Mr. Walter Erben, of Philadelphia; Mr. Frederick S. Clark, of Massachusetts; and Mr. Thomas H. Ball,

of Philadelphia, and when I feel that they are in practical shape they will be presented and placed on file with the committee.

The so-called "German tariff agreement," negotiated by the Berlin commission, has aroused an earnest remonstrance from many textile manufacturers of the United States. It has seriously injured especially the hosiery industry of America, and the policy initiated by the agreement menaces every branch of our textile manufacturing. Open customs hearings, conceded in some cases by the agreement against the judgment of a great majority of the Board of General Appraisers, have had the practical effect of barring from these hearings witnesses deemed essential by the Government, while these open hearings have been commended by German exporting interests as distinctly beneficial to German trade and industry.

The acceptance of certificates of value of German chambers of commerce under the terms of this agreement has had the practical effect of encouraging undervaluations of imported merchandise.

Mr. GRIGGS. Do you believe that to be true of all principals and agents?

Mr. WHITMAN. Oh, no. It is a common practice.

The CHAIRMAN. Mr. Whitman had better conclude the reading of his paper.

Mr. GRIGGS. I only wanted to ask him that one question.

Mr. WHITMAN. Here is a little information which only reached me last night. It is from the testimony of a German manufacturer in Lennep, Germany. The original report is on file in the Customs Division of the Treasury. This is an extract from a letter of Herman Hardt in Confidential Agent Partello's report in the carriage cloth case against Hardt, Von Bernuth & Co., of New York, and Johan Wulfings' Sons, of Lennep, Germany, read before General Appraiser Lunt in open hearing, April 17, 1907. If you feel interested in the matter of information, that can easily be gotten. I have not the original letter, but I will read you this extract:

We manufacture this kind of carriage cloth as a special make exclusively for the United States * * * and, as we have no market value in Germany, this price may be called its cost price and be taken as representing its market value. * * * Our factories lie far from large towns. * * * We employ male and female labor—the entire family finds constant work. This naturally keeps the rate of wages lower * * * than * * * where only male labor is available. In consequence of * * * cheap living, cheap rent, gardens, etc., a race has established itself with us undisturbed by the unrest of social democracy. We have, therefore, never felt obliged to raise our wages; this other firms have been obliged to do, sometimes to a great extent.

This letter appears in that case, which was a famous case tried in New York.

Mr. DALZELL. What was the occasion of the writing of that letter?

Mr. WHITMAN. The case was on trial before the government appraiser in New York.

Mr. DALZELL. And the letter was filed for what purpose? I am only trying to identify the letter so that I may ask a question on it.

Mr. WHITMAN. The letter speaks for itself on the heading.

(The letter in question was here handed to Mr. Dalzell.)

The CHAIRMAN. Are you through?

Mr. WHITMAN. No, sir.

The CHAIRMAN. Proceed.

Mr. WHITMAN. If you will give me a little time, I will try to be as rapid as possible. I was asked a question, and it opens up something else.

Mr. GRIGGS. Do you mean my question? I will take it back if it is going to open up anything else.

Mr. WHITMAN. Such undervaluation, if supported by foreign chamber of commerce declarations, renders it all the more difficult to detect the real truth. The mischief already wrought to American manufacturing will be heightened if the executive recommendation to Congress is adopted for an amendment to the customs administrative act permitting undervaluations up to 10 per cent without incurring the payment of additional duties. On behalf of the two associations for which I am speaking, I wish to record my emphatic remonstrance against the German agreement and against this threatened change in the customs administrative law. The reasons for our objections have been fully stated in two pamphlets written by Mr. John Bruce McPherson, secretary of the National Association of Wool Manufacturers, "The German Agreement," and "Should There Be a Ten Per Cent Margin for Undervaluation of Imported Merchandise?" I wish to present copies of these documents as a portion of my testimony, and hereby offer them under the heads of Appendixes D and E.

And, gentlemen, I want to say of those two papers that they contain, I think, the fullest possible information on the subjects, written by an absolutely reliable man, with a synopsis of the contents in the front of each pamphlet. I would like to say here that our organizations are not at all antagonistic to the importing interests. All that we want, all that we ask, is to have the duties levied by Congress collected in accordance with the law for the protection of the honest importer and also for the protection of our industry, for which in part they are levied.

I thank you for the attention with which you have listened to my remarks.

Mr. DALZELL. One word about this letter. Do these dots here represent matter that was taken out of the letter? This is not the whole letter, is it?

Mr. WHITMAN. No, sir; we have not a copy of the letter.

Mr. UNDERWOOD. Will you let him read the letter, so that we can understand it?

Mr. WHITMAN. I called attention to the letter, so that if the committee required it they could secure the original.

The CHAIRMAN. He read the letter.

Mr. DALZELL. There seems to have been a great deal taken out of this letter.

Mr. WHITMAN. Am I at liberty to close?

Mr. UNDERWOOD. I would like to ask you a few questions before you retire from the stand.

The CHAIRMAN. He has not concluded his paper yet.

Mr. WHITMAN. There is not very much more.

The CHAIRMAN. Proceed and finish your paper, Mr. Whitman, if you will.

Mr. WHITMAN. I will only be too glad to do so.

The CHAIRMAN. I will be glad, too.

Mr. WHITMAN. And I hope that the statement that I have made to you will convince you that we only seek to maintain our industry on a firm and solid foundation; that we are prosecuting it as well as we are able to do, and that in its prosecution we believe we are rendering good service to all of the people, for we realize that only as we render such service can we secure real and enduring prosperity.

Mr. UNDERWOOD. I understand from your statement that you are in favor of maintaining the present Schedule K just as it is, in its entirety. Is that your position?

Mr. WHITMAN. It is.

Mr. UNDERWOOD. I want to ask you with reference to one or two paragraphs here. First, take paragraph 367, in reference to blankets and flannels; what is the amount of consumption of blankets and flannels in the American market?

Mr. WHITMAN. I can not tell you the quantity of blankets consumed in the United States, but it is very large.

Mr. UNDERWOOD. Can you give me an estimate?

Mr. WHITMAN. I can not.

Mr. UNDERWOOD. How many million dollars would you estimate the consumption is?

Mr. WHITMAN. I should estimate it at several millions.

Mr. UNDERWOOD. Several million dollars?

Mr. WHITMAN. Yes.

Mr. UNDERWOOD. You stated here, and I do not know but I fully agree with you, that on some of these schedules that you referred to the continually increasing imports were an indication that the tariff duty did not protect the domestic product.

Mr. WHITMAN. My impression is that I said it did not prohibit them.

Mr. UNDERWOOD. Did not prohibit?

Mr. WHITMAN. Did not prohibit importations.

Mr. UNDERWOOD. You do not stand for a prohibitive duty, do you?

Mr. WHITMAN. No, sir.

Mr. UNDERWOOD. That is what I wanted to ask you. I notice here that in the blanket and flannel schedule, on which there is an ad valorem duty of 82.64 per cent on blankets and 105.94 per cent on flannels, the total importations for 1907 only amounted to \$115,588, and as you state that the consumption of those products in this country must be well up in the millions—and I have no doubt that that must be so—then the amount of imports must be very greatly less than 1 per cent of the consumption.

Mr. WHITMAN. The amount of goods imported of that class is very, very small.

Mr. UNDERWOOD. Now, that practically amounts to a prohibitive duty—a tax that ranges from 82 per cent to 105 per cent.

Mr. WHITMAN. I should hardly think you were correct in drawing that conclusion.

Mr. UNDERWOOD. I am merely giving you the figures that are laid before us by the department.

Mr. WHITMAN. I do not question the figures.

Mr. UNDERWOOD. In other words, to make it accurate, the report here that is laid before the committee from the department is that the value of blankets imported into this country amounted to \$42,199 and the value of the flannels imported into this country amounted to

\$60,548, making a total under this schedule of \$115,588, which I think we will both agree is a prohibitive duty; is it not?

Mr. WHITMAN. Why, not at all.

Mr. UNDERWOOD. It is less than 1 per cent.

Mr. WHITMAN. Well, but, my dear sir, the goods are manufactured here so cheap that there is no object in importing them.

Mr. UNDERWOOD. Unquestionably; but it shows that the duty is so high that there is no chance for foreign competition, with that 100 per cent duty against them; is not that so?

Mr. WHITMAN. No; it shows that the American competition is so severe that they could not import them and make a profit.

Mr. UNDERWOOD. Undoubtedly, with that duty; but it does not show that if the duty was lowered they could not compete, does it?

Mr. WHITMAN. It shows that they can not compete. I contend that you could lower the duty to a point where it would destroy the whole industry.

Mr. UNDERWOOD. Unquestionably; we do not differ on that. You might lower it to the point where the competition might destroy the industry, but you have undoubtedly raised it in this schedule to the point where it is an exclusive duty and gives the American manufacturer a monopoly of the American market; is not that true?

Mr. WHITMAN. I think it is true.

Mr. UNDERWOOD. Well, then—

Mr. WHITMAN. Wait a minute until I complete my answer, if you will.

Mr. UNDERWOOD. Certainly; I did not intend to interrupt you.

Mr. WHITMAN. It is true that in goods like blankets, in those low goods, we have been able to manufacture them here so cheaply that really ordinary foreign blankets do not compete with them in the market to-day.

Mr. UNDERWOOD. That is what I was coming to. Now, as you state, you do not believe in a prohibitive duty, and the duty at present, as we both agree, is prohibitive. Do you not think that is one schedule that could be reduced?

Mr. WHITMAN. I have not agreed on that.

Mr. UNDERWOOD. What?

Mr. WHITMAN. No.

Mr. UNDERWOOD. I thought you said you considered it a prohibitive duty?

Mr. WHITMAN. Oh, no.

Mr. UNDERWOOD. Do you think, when the Government of the United States is in need of revenue, and when the great iron and steel interests of this country and the lumber interests and the leather and hide interests have duties levied on them by which there are a large amount of importations coming into the country, and raising revenues to sustain the Government, that any particular branch of industry is entitled to stand behind a prohibitive duty and afford no revenue to the Government whatever? Is that the position you take in the matter?

Mr. WHITMAN. The position I take is that the duties are not prohibitive, but that they are high enough, and that the large manufacture here and home competition have made blankets so cheap that they can be bought here to better advantage than they can be imported.

Mr. UNDERWOOD. Well, but if the duty was decreased, you admit that there would some come in and produce a revenue?

Mr. WHITMAN. Well, it can not produce a revenue—you can not lower that duty so as to produce a revenue—without taking away the manufacture here.

Mr. UNDERWOOD. There must be a point where it is adjusted. There is a duty raised on certain classes of iron goods and some duty raised on steel rails, even, and yet it does not prohibit the manufacture of steel rails in this country by any means. Here we have got a point where there is a prohibitive duty, practically, because it is less than 1 per cent, and yet you are not willing to have the committee reduce that duty to a point where it would produce a revenue, as I understand.

Mr. WHITMAN. I do not think it is within my power to prohibit the committee from doing anything.

Mr. UNDERWOOD. Oh, no; but I am asking your judgment as an American citizen.

Mr. WHITMAN. My judgment as an American citizen is that the tariff, standing as it does, which enables the goods to be made here so much cheaper than they can be imported from abroad and pay the duty, is far better for the American people than to lower that duty to a point which would divide the product between this country and foreign countries.

Mr. UNDERWOOD. Now, Mr. Whitman, you are in the milling business. I understand that in the last ten years your business has been a prosperous business, has it not?

Mr. WHITMAN. Are you speaking of my personal business?

Mr. UNDERWOOD. Yes.

Mr. WHITMAN. Yes; I think it has.

Mr. UNDERWOOD. And as a rule the milling business in this country has been a prosperous business, has it not?

Mr. WHITMAN. Not very.

Mr. UNDERWOOD. I happen to have a few shares——

Mr. WHITMAN. Were you here when I read my opening statement?

Mr. UNDERWOOD. Yes; I was here.

Mr. WHITMAN. I do not think the textile business really is as prosperous a business as it ought to be.

Mr. UNDERWOOD. What do you call a prosperous business?

Mr. WHITMAN. It is hard to define.

Mr. UNDERWOOD. Does it not make 10 or 12 per cent?

Mr. WHITMAN. Now, it depends on what you mean by making 10 or 12 per cent. Do you mean net?

Mr. UNDERWOOD. I mean making 10 or 12 per cent that either goes into dividends or into betterments or purchases.

Mr. WHITMAN. I should say 10 or 12 per cent gross on a manufacturing property was a losing game.

Mr. UNDERWOOD. Probably you are right about that, but some of them make more than that.

Mr. WHITMAN. Some of them do and some of them do not.

Mr. UNDERWOOD. Well, you are in a prosperous business, and in view of the fact that most of the duties that are levied by the Federal Government do not exceed 50 or 60 per cent, when here is a product on which the duties range from 80 per cent to 105 per cent, you still

insist that the committee should stand pat on that proposition and not reduce it?

Mr. WHITMAN. We claim that the ad valorem is our only protective duty, and I do not think you will find the ad valorem duty on woolen goods higher than on other goods.

Mr. UNDERWOOD. Oh, I think you will find it higher when you consider the whole duty. The ad valorem specifically laid on woolen goods may not be higher than you will find other duties, but you have got a specific duty laid here in addition, to cover your raw product, whereas in the other lines of goods the specific duty—that is, the duty to cover the raw product and the manufacturers' protection—all comes under the ad valorem rate, which makes it very much less.

But I want to call your attention to this fact in reference to these very goods. I notice in the government statistics that we have here before us that the small quantity of these flannels were exported, not a very large quantity, but we exported \$54,000 worth of flannels from this country to the West Indies, Canada, Panama, and Venezuela, where we came in contact in a free market, in competition, with the English manufacturer of flannels. Now, if our manufacturers here are able to ship their goods abroad and meet those foreign manufacturers in competition in the Canadian market, where the differential of the Canadian tariff is one-third against this country instead of being for us, does not that indicate that the American manufacturer is able to stand on his own feet?

Mr. WHITMAN. Flannels are an article of use that have practically gone by. Now, if a man has a lot of old stock on hand that he could not sell in his own market and could find a market at any price anywhere else, to get rid of them he would sell them. And as for the amount, \$54,000, why, it is nothing.

Mr. UNDERWOOD. I admit it was nothing, but that exportation was flannels and blankets both.

Mr. WHITMAN. Flannels are practically obsolete; and, as I say, some man might have had some left over, and for fear they might be eaten by the moths, he might have taken almost any price he could get.

Mr. UNDERWOOD. But that also included blankets. Blankets are not obsolete?

Mr. WHITMAN. Oh, no, no.

Mr. UNDERWOOD. And these statistics indicate that to some extent we are entering the Canadian market with a discriminating duty against us on these schedules, and competing with the English manufacturer in that market.

Mr. WHITMAN. Well, we are not doing it.

Mr. UNDERWOOD. I mean to a small extent.

Mr. WHITMAN. In that trifling way, for some special reasons, that might happen. It is absolutely impossible for us to do it.

Mr. UNDERWOOD. Do not all these facts indicate that, even if it is in a trifling way, we can cross the border with a discriminating duty against us of one-third and compete with the English manufacturer, and with an exclusive rate of duty here on a point of that kind are not the wool manufacturers who appear before this committee to ask equity prepared to do equity and say that it would be reasonable for this committee on schedules of that kind to make a reduction?

Mr. WHITMAN. I do not think that the law should be changed. None of us can tell, can forecast, the future. It is true that flannels

are obsolete. It is true that blankets are not. It is true that blankets are manufactured largely in this country. I know of an instance, when the Boer war broke out and the English Government were unable to supply the blankets required by the British Army, when quite a considerable contract was given to a manufacturer in this country at about double what the blankets could have been gotten for in England if time had been allowed.

Mr. UNDERWOOD. Oh, I grant that; but of course these importations were not in that way.

Mr. WHITMAN. There is no guide as to what it is possible may be done, and it is almost impossible for any human being to judge of the future under these schedules if they were changed. We know about the past, but I will repeat what I have before said, that in my judgment it is far better for the American people, for the laborer, and the woolgrower, and the manufacturer, to have the goods made here in competition with each other than to have the product divided between our country and foreign countries.

Mr. UNDERWOOD. In other words, regardless of revenue, you are in favor of an exclusive duty by which the American manufacturer can hold up the American consumer, whether or not it is necessary to promote the interests of the industry?

Mr. WHITMAN. I have not made any such statement.

Mr. UNDERWOOD. I can not see any other conclusion you can come to than that. It seems to me that conclusion is inevitable.

Mr. WHITMAN. It may be according to your reasoning, but I do not think so.

Mr. UNDERWOOD. Then if we can not agree on that schedule, I do not see that it is any use for me to go any further into it. Some of these schedules have prohibitive duties, and that is the reason I asked you.

Mr. WHITMAN. This present schedule is the outgrowth of long experience.

Mr. COCKRAN. I do not quite understand one part of your testimony. I understand you to say that you have now exclusive control of the American market—I mean the producers of flannels and blankets.

Mr. WHITMAN. Of blankets, practically.

Mr. COCKRAN. They have practically exclusive control of the American market?

Mr. WHITMAN. Yes.

Mr. COCKRAN. And you say blankets are cheaper here than anywhere else in the world?

Mr. WHITMAN. No, sir; I do not think they are.

Mr. COCKRAN. Are they as cheap?

Mr. WHITMAN. I do not know.

Mr. COCKRAN. Did I not understand you to say that by competition among American producers the price to the consumer was kept down so that they were as cheap here, or cheaper than anywhere else in the world?

Mr. WHITMAN. I beg your pardon; you misunderstood me.

Mr. COCKRAN. I misunderstood you, then.

Mr. WHITMAN. I said that American competition had reduced the price of blankets so much below the foreign cost with the duty added that they could not be imported to any extent.

Mr. COCKRAN. That is quite evident from the figures; but I wanted to ask you the effect on the American consumer, who, you will admit, is a little more numerous than the American producer. What is the effect on him? How is the price of this commodity in this country to the consumer compared with the prices abroad?

Mr. WHITMAN. That I am not in a position to answer. There are so many kinds of blankets that I could not answer that specifically.

Mr. COCKRAN. I see here that some flannels have been exported. I understand you to say that flannels are obsolete?

Mr. WHITMAN. What were commercially known as flannels. These goods may not have been flannels in the commercial sense, but they may have been goods so much like flannels as to come under that particular schedule.

Mr. COCKRAN. I see the quantity of importation of blankets into this country during the last year was 45,111 pounds, and the ad valorem duty on that amounted to about 82.64 per cent.

Mr. WHITMAN. For what year is that?

Mr. COCKRAN. I assume that is this last year.

Mr. WHITMAN. My figures are for 1907.

Mr. COCKRAN. What figures have you? Let us see how much they differ from mine?

Mr. WHITMAN. In 1907, valued at over 40 cents per pound, there were, I believe—you are speaking of blankets, are you?

Mr. COCKRAN. What is about the rate of duty? To save time, just give about what is the rate of duty they paid on the blankets?

Mr. WHITMAN. It would depend on what kind of goods they were.

Mr. COCKRAN. What kind do you produce?

Mr. WHITMAN. I do not produce any.

Mr. COCKRAN. You are not engaged in the producing of blankets?

Mr. WHITMAN. No, sir.

Mr. COCKRAN. What do you produce?

Mr. WHITMAN. I produce worsted dress goods, cotton and warp worsted dress goods, and all-wool dress goods, and I am the president of a corporation that is a very large manufacturer of the wool yarns which we sell to the manufacturing trade. I am also very largely interested in both weaving and spinning cotton; but I will confine my testimony to the worsted part.

Mr. COCKRAN. To the worsted part?

Mr. WHITMAN. Yes.

Mr. COCKRAN. What protection do you enjoy in that department?

Mr. WHITMAN. It is varying.

Mr. COCKRAN. How much?

Mr. WHITMAN. Ninety to 100 per cent.

Mr. COCKRAN. You get 100 per cent?

Mr. WHITMAN. Excuse me. I did not mean to say that much protection. That is about the ad valorem rate of duty.

Mr. COCKRAN. I understand that perfectly. I mean to say that the person who competes with you from abroad has got to pay about 100 per cent of the value of his product?

Mr. WHITMAN. Somewhere near that.

Mr. COCKRAN. And by the aid of that you manage to keep control of the American market?

Mr. WHITMAN. We have not the control of the American market in dress goods; there are very large quantities imported. There were

37,000,000 square yards imported in 1907, weighing less than 4 ounces per square yard.

Mr. COCKRAN. Notwithstanding the 100 per cent duty?

Mr. WHITMAN. Notwithstanding the 100 per cent duty.

Mr. COCKRAN. So that so far as dress goods are concerned they are a source of revenue?

Mr. WHITMAN. They are.

Mr. COCKRAN. Now as to yarns. Have many yarns been imported of the quality you produce?

Mr. WHITMAN. Not a great many.

Mr. COCKRAN. About how much?

Mr. WHITMAN. In 1907 there were perhaps 300,000 or 400,000 pounds.

Mr. COCKRAN. And with that exception the American market was entirely controlled by the American producer?

Mr. WHITMAN. Yes, sir.

Mr. COCKRAN. What was the duty on that, the ad valorem duty?

Mr. WHITMAN. The ad valorem duty on yarns in 1907 was 87 per cent.

Mr. COCKRAN. About 87 per cent; and you think it is absolutely necessary to maintain that 87 per cent?

Mr. WHITMAN. I do.

Mr. COCKRAN. With the 87 per cent you are entirely satisfied?

Mr. WHITMAN. We are.

Mr. COCKRAN. Do you not think you could stand a little reduction without serious injury?

Mr. WHITMAN. I do not.

Mr. COCKRAN. But I understood you to say in answer to Mr. Underwood that you were not prepared to say that a reduction would injure you, but that you understood thoroughly what had happened in the past, and you were not willing to take any chances on the future. Is that a correct statement of your testimony?

Mr. WHITMAN. Well, I was answering then with reference to blankets and flannels.

Mr. COCKRAN. That was a more remote peril, so far as you are concerned, than with regard to worsteds and yarns?

Mr. WHITMAN. On the worsteds, a great many think that the duties are not high enough on the finer classes, but we thought we would not ask for any more.

Mr. COCKRAN. In point of fact, you were going to be generous?

Mr. WHITMAN. What?

Mr. COCKRAN. In point of fact, you were going to be generous to the consumer and not ask any more than you are getting, although you think a little more would be very agreeable?

Mr. WHITMAN. There is nothing of the kind in my testimony.

Mr. COCKRAN. I am not asking you about that. I am trying to get your testimony.

Mr. WHITMAN. If you ask a question of that kind I will have to ask you to draw the line between producers and consumers.

Mr. COCKRAN. I should not think that would be very difficult.

Mr. WHITMAN. Perhaps not.

Mr. COCKRAN. I range myself among the one class and you among the other.

Mr. WHITMAN. Among which class do you range yourself?

Mr. COCKRAN. Among the consumers.

Mr. WHITMAN. Do you not produce anything?

Mr. COCKRAN. Nothing that enters into this?

Mr. WHITMAN. But do you not produce anything?

Mr. COCKRAN. No; I am not engaged in any productive enterprise.

Mr. WHITMAN. Is not your labor there productive?

Mr. COCKRAN. Do you mean here?

Mr. WHITMAN. Yes.

Mr. COCKRAN. So far as the production of commercial commodities is concerned, no. If you mean morally, yes; I hope so. [Laughter.]

Mr. WHITMAN. I assume that it is.

Mr. COCKRAN. I am very much obliged to you for your opinion.

Mr. WHITMAN. I think you are vastly productive.

Mr. COCKRAN. I do not think that is an answer. You must realize, Mr. Whitman, that when we speak of a specific duty, the producer and the consumer are not difficult to distinguish.

Mr. WHITMAN. We are wound up together in a great interdependent web of industry.

Mr. COCKRAN. So is the man who has his hand in another man's pocket. [Laughter.] They are wound up even more closely.

Mr. WHITMAN. I hope you have not mistaken me for another Massachusetts gentleman.

Mr. COCKRAN. That I have not mistaken you for another Massachusetts gentleman?

Mr. WHITMAN. Yes.

Mr. COCKRAN. That would be impossible.

Mr. WHITMAN. I hope not.

Mr. COCKRAN. I think you have so distinguished yourself that that would be impossible.

Mr. WHITMAN. I am perfectly sincere, and I want to answer every question fairly and fully; but you know the old adage, which of course would not apply here. But I will say it is very easy to ask these complicated questions, and not so very easy to answer them as it appears on the surface.

Mr. COCKRAN. It ought not to be difficult, it seems to me, to answer this question. The duty you have got on these particular articles which you are engaged in producing you say is ample to protect you. Am I right on that?

Mr. WHITMAN. We are contented with it.

Mr. COCKRAN. Are you contented as a matter of solicitude for your fellows, or because your profits are ample under it? Which is it? Is it satisfactory? Do you not control the market, practically?

Mr. WHITMAN. In this paper which I read, which I think you did not hear—

Mr. COCKRAN. I heard some of it, and was much edified.

Mr. WHITMAN (continuing). I stated practically that I represent the industry, both as regards the manufacturers and the working people. Now, I do not know of any reason why my working people should go without proper wages to enable some other fellow in another industry to have 10 or 20 or 30 cents taken off the price of his garment.

Mr. COCKRAN. I appreciate your solicitude for the workingmen and your entire indifference as to yourself; but I want to come back to my question, which, it does not seem to me, you have answered.

Mr. WHITMAN. I do not want to get into any controversy, but it does not seem to me that you ought to misquote me.

Mr. COCKRAN. No; I do not want to misquote you. I only repeated what you said.

Mr. WHITMAN. No; I did not say I was indifferent as to myself.

Mr. COCKRAN. Then I will take that back, and I will give you credit for a great deal of regard for yourself. [Laughter.]

Mr. WHITMAN. There is no question about that. We agree on that.

Mr. COCKRAN. Now, let us see if I can get an answer to my question. You have testified, as I understand it, that the present rate of duty gives you a satisfactory control of the American market?

Mr. WHITMAN. Well, yes.

Mr. COCKRAN. Am I right in saying that?

Mr. WHITMAN. That is right; yes, sir.

Mr. COCKRAN. Did I understand you correctly as saying in answer to Mr. Underwood, when he asked you if your industry could not stand a reduction, that you did not want to contemplate a reduction because you knew about the past and knew how it worked under this tariff, and you did not want for that reason to take any chances for the future under a different tariff? Now, was I wrong in that understanding?

Mr. WHITMAN. You were not far wrong on that.

Mr. COCKRAN. How is that?

Mr. WHITMAN. That is pretty near right.

Mr. COCKRAN. So that in point of fact your attitude is that the past being entirely satisfactory, comfortable, and prosperous, you do not want to be driven by tariff legislation to face an uncertain future?

Mr. WHITMAN. Yes.

Mr. COCKRAN. And in point of fact your argument here is to make the future certain?

Mr. WHITMAN. That is it.

Mr. LONGWORTH. I desire to ask you a question which will not involve any political theory, and I will put it in the form of reading to you a few sentences from a letter that I received this morning from a constituent of mine. I will say that he is a Republican—I know it because I served with him in the legislature—and therefore he would not be biased by free-trade theories in asking for a reduction in the tariff on woollens. He makes this statement:

As a manufacturer of clothing for a period of almost fifty years, I can truthfully state that I never handled cloth of so inferior a quality for the price as I do now. The masses, consisting of laborers, mechanics, and farmers, the real users of ready-made clothing, are receiving practically no value for their money. The qualities and colorings are so poor that in many instances the colorings fade and cockle, and in the manufacture of garments give positively no satisfaction to the wearer.

I would like to hear your comments on that statement.

Mr. WHITMAN. It is not true.

Mr. LONGWORTH. It is not true?

Mr. WHITMAN. It is not true. There never was a time in the history of the United States when goods were as well made as they are now, and there never was a time when the people wore such good clothing; and I will apply that to both men and women.

Mr. HILL. In that connection, I would like to ask you if, in your judgment, it is fair and just that woolen rags valued at 2 cents a

pound should pay 10 cents a pound duty to come into the United States, and is that a fair item in this schedule?

Mr. WHITMAN. Well, I think it is, for this reason: I know it sounds unreasonable on the face of it, but that duty was made for the express purpose of preventing the American people from having to use so many shoddy goods.

Mr. COCKRAN. It was intended to keep them out?

Mr. WHITMAN. I have no doubt of that.

Mr. COCKRAN. Certainly.

Mr. WHITMAN. It does not amount to anything.

Mr. DALZELL. On the line of what you said a moment ago before you answered Mr. Hill, you heard Mr. Justice's statement this morning to the effect that clothing could be made cheaper in this country than abroad?

Mr. WHITMAN. I did.

Mr. DALZELL. You indorse that statement?

Mr. WHITMAN. I do not. I am sure that Mr. Justice made that statement under a misunderstanding of the question that was put to him.

The CHAIRMAN. Under what?

Mr. WHITMAN. Under a misunderstanding of the question put to him.

Mr. GRIGGS. He voluntarily stated that, and put in evidence the suit of clothes that he had on, as an exhibit to prove it.

Mr. LONGWORTH. I will state that if I had received this letter before I heard Mr. Justice's statement and saw his exhibit I should have asked him how many times he had worn it.

Mr. DALZELL. What do you understand Mr. Justice's statement to have been?

Mr. WHITMAN. His contention was, or at least in answer to a question that was put by one of the members of the committee I think he stated, that woollen cloth could be made in this country cheaper than in Europe. It was something to that effect.

Mr. DALZELL. That was in answer to a question by Judge Crumpacker.

Mr. COCKRAN. He said it could be sold cheaper.

Mr. DALZELL. Clothes. My question had reference to clothes, and not to cloth.

Mr. COCKRAN. He said the suit of clothes he had on his back was sold in this country cheaper than it could possibly have been sold abroad.

Mr. WHITMAN. I can not testify as to the particular suit of clothes that Mr. Justice wore; but as a matter of fact I am quite sure it was not correct, and I do not believe that he intended to make that statement. I am quite sure as to what is the true reason for cheap American clothing. In my judgment it is the building up in advance of every other country of a great ready-made clothing business, where the business is done on such a large scale, on such an economical basis, that the clothiers of this country are able, notwithstanding the cost of the manufactured cloth to them, to produce clothing relatively much cheaper than it can be produced in any other part of the world.

Mr. COCKRAN. What do you mean by "relatively?" There is no relation between \$12 and \$12 except the relation of exact similitude, is there?

Mr. WHITMAN. I have never been able to discover any other relation between 12 gold dollars and 12 gold dollars.

Mr. COCKRAN. He said he bought that suit of clothes for \$12, and it could not be bought for that price anywhere else in the world.

Mr. WHITMAN. I can not testify as to that particular suit of clothes.

Mr. COCKRAN. Do you believe that that duty on rags does make a better quality of goods in the United States? Do you not use your own shoddy in your own manufacture?

Mr. WHITMAN. I do not use in my mills any shoddy or any waste of any kind.

Mr. COCKRAN. The American shoddy is used in American factories, is it not? It can not be exported.

Mr. WHITMAN. Yes; it is consumed in American factories.

Mr. COCKRAN. Then we do use it?

Mr. WHITMAN. To a limited extent.

Mr. COCKRAN. And that was not entirely, then, the purpose of excluding foreign rags, was it?

Mr. WHITMAN. I think if you will read over that paragraph——

Mr. COCKRAN. I say it was not entirely the purpose of fixing the duty to protect the quality of the goods, but rather to make a market for your own and to prevent the importation of foreign rags.

Mr. WHITMAN. Both entered into it.

Mr. HILL. There is one other point on which I would like to ask you a question. You condemn very bitterly the undervaluations under the German agreement, and you can not condemn them any more bitterly than I do; but is there any difference between a German manufacturer manufacturing an article for this market and shipping it here at a lower price than he sells it for at home, and an American manufacturer manufacturing goods in the United States and exporting them and putting a valuation on them at a lower price than he sells them for at home? Ought we not to be as fair to the foreigner as we are to our own people, and as fair to our own people as we are to the foreigner; just as fair to one as to the other?

Mr. WHITMAN. I would like to qualify that answer a little. I do not think there is really any difference of opinion between us on that point.

Mr. HILL. If you should find that illuminating oil was exported at a value of 5, 6, or 8 cents a gallon less than it is sold for, would you not condemn it just as naturally as you would condemn the German manufacturer for doing the same thing?

Mr. WHITMAN. I am only a simple manufacturer and I can only take into my head one question at a time. Your first question was whether, in condemning the practice that I claim exists among German manufacturers under the same conditions, I would condemn, under the same conditions, a similar act on the part of an American manufacturer. I most certainly would.

Mr. HILL. Then you would not overlook the beam in our own eye for the sake of seeing the mote that is in the other's eye?

Mr. WHITMAN. I do not think any of us would be justified in doing that.

Mr. FORDNEY. Were you manufacturing in the years 1903 and 1906 the same articles that you are producing to-day—about the same?

Mr. WHITMAN. Somewhat similar.

Mr. FORDNEY. How is that?

Mr. WHITMAN. Similar.

Mr. FORDNEY. Let me ask you, were the prices of your products sold on the market cheaper during those years for any given quantity than they are being sold to-day?

Mr. WHITMAN. I think they were.

Mr. FORDNEY. Did the people of this country who consume your productions get any greater quantity of those articles then than they do now?

Mr. WHITMAN. No, sir.

Mr. FORDNEY. Do they consume as much or more now than they did then per capita?

Mr. WHITMAN. More.

Mr. FORDNEY. What is the reason of that?

Mr. WHITMAN. The prosperity of the country and the growth and development of the industry.

Mr. FORDNEY. Due, in your opinion, to the protective tariff to a great extent on those articles?

Mr. WHITNEY. Why, the whole industry of wool, as the woolen industry stands to-day, is founded upon the protective tariff that began during the war.

Mr. FORDNEY. Are you more prosperous in your business to-day under the present protective tariff law than you were in 1906?

Mr. WHITMAN. Yes, sir; I think so.

Mr. FORDNEY. Then, that is your reason for not asking that the tariff be reduced or the duty reduced on your product, is it?

Mr. WHITMAN. I think I have so stated.

Mr. FORDNEY. I just wanted to understand you.

Mr. WHITMAN. I do not want the duties reduced, because I fear that the first thing would be to try to reduce the wages. I do not believe we can reduce wages in our industry, because, as you know, during the last ten or fifteen years avenues never dreamed of have been opened for the employment of men and women—the telephone, the typewriter, the stenographer, the shop girl. There never was a time in the lives of any of us—and I do not know but that I am as old as any gentleman here—there never has been a time when there was so many avenues open for employment, and it makes it a little hard on our industry for this reason. They think it is a little more respectable to work in a shop than in a factory.

Mr. CRUMPACKER. I would like to ask a question or two about a particular schedule—cheap blankets, for instance, valued at not more than 40 cents a pound. Last year there was imported 142 pounds only of the value of 40.60. They paid a duty of 67.16, equal to an ad valorem rate of 165.42 per cent. That duty is practically prohibitive, is it not—165 per cent?

Mr. WHITMAN. On that particular character of blankets; yes, sir.

Mr. CRUMPACKER. Upon that cheap blanket?

Mr. WHITMAN. I do not know that.

Mr. CRUMPACKER. Blankets valued at not more than 40 cents a pound; blankets that are used by the poorer classes of people in this country. That is a prohibitive duty, is it not? The records show that.

Mr. WHITMAN. The records show that they could be bought so much cheaper here.

Mr. CRUMPACKER. The American manufacturer of blankets does not need 165 per cent protection, does he, to control his own market?

Mr. WHITMAN. That particular article?

Mr. CRUMPACKER. That particular article; yes.

Mr. WHITMAN. Well, I should think not.

Mr. CRUMPACKER. Now, then, Mr. Whitman, in relation to cloths, woolens, and worsted goods which you manufacture, valued at not more than 40 cents a pound—that is a cheaper grade, is it not?

Mr. WHITMAN. I am manufacturing dress goods, women and children's dress goods.

Mr. CRUMPACKER. Cloths, woolens, and worsteds is the caption—valued at not more than 40 cents a pound; last year, 1907, the ad valorem rate was 134.97 per cent. Is that large duty necessary in order to protect you against foreign manufacturers in the production of the cheap class of worsteds?

Mr. WHITMAN. Worsteds?

Mr. CRUMPACKER. Yes, sir; 71,308 pounds valued at \$23,963; duty, \$37,378; 134.97 per cent?

Mr. WHITMAN. I do not know where you find that.

Mr. CRUMPACKER. I have the record that was prepared—I do not know where it came from. This is an official document, however.

The CHAIRMAN. That was prepared for the use of the committee.

Mr. CRUMPACKER. Yes, sir; from the official records.

The CHAIRMAN. It is undoubtedly correct.

Mr. CRUMPACKER. Valued at not more than 40 cents per pound—clothes, woolens, and worsteds.

Mr. WHITMAN. What page is that?

Mr. CRUMPACKER. Eight hundred and ninety-seven. This is dress goods, women's and children's coat linings, Italian cloths, and goods of similar description, valued at not exceeding 15 cents per square yard and not above 70 cents per pound—the rate last year, 1907, was 109 per cent. You are engaged in that line of manufacture, are you not—women's and children's dress goods?

Mr. WHITMAN. Yes, sir.

Mr. CRUMPACKER. I notice a number of schedules here where the rate is above 100 per cent. Do you believe that more than 100 per cent is necessary for the protection of any American manufacturer of woollen fabrics? Do you not believe that we could reduce it down to 100 or below 100 per cent with entire safety to our own industries?

Mr. WHITMAN. In that schedule to which you refer the importations increased in 1898 from 3,319,000 square yards to 20,270,892 yards in 1905.

Mr. CRUMPACKER. Let us adjust this. Now, taking them all together, this is a cheaper class. The scale is graduated according to value. Where the values are below 40 cents the rate is 134, and as the value increases the rate decreases naturally.

Mr. WHITMAN. That is natural.

Mr. CRUMPACKER. Of course; so that the higher class of woollen goods pay just about one-half the ad valorem rate of duty as the cheap class that are worn and used by the poor people of the country.

Mr. WHITMAN. I do not think that is so.

Mr. CRUMPACKER. That is what the record shows—that the importation in the cheap class of goods is practically nothing.

Mr. WHITMAN. You were asking me about dress goods.

Mr. CRUMPACKER. I was asking you about dress goods worth below 40 cents a pound.

Mr. WHITMAN. These are not dress goods. If you will refer to the dress-goods schedule you will find that you are looking at the wrong schedule.

Mr. CRUMPACKER. I am looking at the schedule under the head of cloths, woollens, and worsteds worth less than 40 cents a pound.

Mr. WHITMAN. You were asking me about dress goods.

Mr. CRUMPACKER. About women and children.

Mr. WHITMAN. Yes.

Mr. CRUMPACKER. Yes; that is another schedule. These are the cheap ones. There has been an increase in importations and the rate has only one year been below 100 per cent.

Mr. WHITMAN. Yes, sir. Now I desire to say that there is nothing more fallacious in making calculations than percentages. There is nothing that will make calculations more fallacious than percentages.

Mr. CRUMPACKER. This rate is 11 cents per square yard and 55 per cent ad valorem.

Mr. WHITMAN. Yes, sir. Now there were 37,000,000 square yards of these dress goods, weighing under 4 ounces here, and the entire product of the United States is about 200,000,000 square yards, constantly increasing.

Mr. HILL. What would be the entire production and the importation?

Mr. WHITMAN. The importation, 37,000 square yards of dress goods, weighing less than 4 ounces to the square yard, and according to the census of 1905 the quantity manufactured in this country was 200,000,000 of square yards.

Mr. HILL. That is, about one-sixth was imported. Now, Mr. Whitman, as a fair manufacturer, do you not believe that that could be easily accounted for without any reference to the duty on fashion and style in women's dress goods?

Mr. WHITMAN. Part of it can; yes, sir.

Mr. HILL. Then, why cite the importations as an excuse for a higher duty, or as an excuse for increasing the duty? Why not state it fairly? Now, I am just as good a protectionist as you are, but I would like to see the argument fairly presented.

Mr. WHITMAN. Of course, in the first place, I am here as a witness, and it would not be proper for me—I doubt if anybody could be fairer—

Mr. FORDNEY. I do not understand from the question and answer that Mr. Whitman is unfair. If you think so, I would like to hear it read.

Mr. HILL. I do not mean it in the sense in which you would say unfair, but I mean, is it a just application of the argument?

Mr. WHITMAN. I have made, in my judgment, a just claim here, and stated it, in my judgment, as fair as it is possible for a man to state it, and I value my testimony here as being truthful more than I can make out of any possible change in the law.

Mr. HILL. I think your argument would apply entirely differently if it was one-sixth of the iron ore or one-sixth of copper, but in an article which is worn and used exclusively for fashion and fad it is not as good an argument, is it?

Mr. WHITMAN. It is not governed exclusively by fashion and fad, and in your question there is one thing that you leave out of consideration, and that is the fact that the transportation problem plays the most important part in the iron manufacture, while in the textile manufacture it plays practically an insignificant part.

Mr. CRUMPACKER. There is another suggestion that I desire to make. You have given the correct importation of this class of goods. What I want to call your attention to is that the high dress goods make up the value of the importations where it is a question of fancy and taste that enters largely into it. I notice that the cheap class of goods, those valued at not more than 40 cents per pound in this identical class of goods, there were practically no importations—470 pounds—and the rate is 155.54 per cent in your own class in the cheaper line of goods?

Mr. WHITMAN. Yes, sir.

Mr. CRUMPACKER. While there is a large importation in the high dress goods?

Mr. WHITMAN. Yes, sir.

Mr. CRUMPACKER. Of course, that is on the side of fads or fancies of our people, but when you come to low-class goods, where no such element enters—goods that are worn by people who are not controlled so much by fashion—then the rate is 155 per cent, which is absolutely prohibitive?

Mr. WHITMAN. No, sir.

Mr. CRUMPACKER. That is the record here?

Mr. WHITMAN. There is none imported, but it is not prohibitive.

Mr. CRUMPACKER. There were 476 pounds?

Mr. WHITMAN. I have stated half a dozen times, I think, during my examination that the reason those goods are not imported is because they are made and sold here cheaper than they can be imported.

Mr. CRUMPACKER. You do not contend that 155 per cent—

Mr. WHITMAN. There is no 155 per cent. You have to take into consideration the compensatory duty on those goods.

Mr. CRUMPACKER. The record shows 33 cents per pound and 50 per cent ad valorem, but the goods are valued at 31.3 cents a pound and yet the duty is 33 cents and 50 per cent ad valorem in addition to that.

Mr. WHITMAN. The 50 per cent ad valorem is our duty. You must remember this—

The CHAIRMAN. Mr. Whitman, Mr. Hill was asking you a moment ago about the duty on rags; if under the Wilson bill rags were admitted free?

Mr. WHITMAN. Yes, sir.

The CHAIRMAN. And there was an importation of 28,000,000 pounds in a year. Were those rags used in manufacturing shoddy, or what were they manufactured for?

Mr. WHITMAN. I think they were used in the manufacture of shoddy.

The CHAIRMAN. And it was alleged that at the time this bill was passed that if the high duty which would practically prohibit the

importation of rags was put upon that article they would have to manufacture the shoddy goods at home and it would not enter into the manufacture of shoddy goods here. In other words, it would improve the character of the American manufacture of goods, and that is the reason given to the committee for putting a higher rate of duty on rags.

Mr. WHITMAN. It is operative in exactly that way.

The CHAIRMAN. I have heard a good deal of complaint about the compensatory duty, because, starting out with 11 cents a pound on wool, we proceed upward—scoured wool and finished wool in the goods—there is a waste, and when it gets into the goods a compensatory duty equivalent to four times the duty on a pound of washed wool is put in as a compensatory duty. Now, I have heard a great deal of complaint about that—that the different kinds of wool have a different percentage of shoddy. For instance, the waste in the scouring, etc.—that in the pulled wool, for instance—the waste is only about 16 per cent, while in the English wools it is 28 per cent, and when you get to the fine woolen from the cape or Montevideo, the same wools of that class, the waste is 61 per cent, and the duty on the English wools is unfair, being put at four times the duty on the unwashed wools in the goods and in the wool imported. What do you say in explanation of that?

Mr. WHITMAN. I can not add anything to the explanation that was given by Mr. Bigelow in 1867 and in every tariff discussion from that day to this. It has become an established basis. I refer to Mr. Erastus B. Bigelow, who assisted the commission in the preparation of the bill that went into law in 1867.

The CHAIRMAN. What was that statement?

Mr. WHITMAN. The results are embodied in the present law.

The CHAIRMAN. That is, that four times the duty should be put upon the wool in the goods or on the weight of wool in the goods. Do you agree with the statement that the waste in the English wools is from 16 to 28 per cent? You are a manufacturer?

Mr. WHITMAN. Well, I do not think they shrink much over that. These wools are washed in the beginning; they are in a washed condition when they are sold.

The CHAIRMAN. When they are brought into this country?

Mr. WHITMAN. Yes, sir; they are in a washed condition. There was an exception made with regard to English wools, of which very few are used nowadays in this country.

The CHAIRMAN. Do you use them in your manufacture?

Mr. WHITMAN. I have not used any for quite a long time.

The CHAIRMAN. What wools do you use?

Mr. WHITMAN. From all over the country.

The CHAIRMAN. Do you use the fine or coarse woolen?

Mr. WHITMAN. Both.

The CHAIRMAN. What proportion of the coarse woolen to your whole use of woolen?

Mr. WHITMAN. I do not know as to that.

The CHAIRMAN. Well, you can give us an estimate, can you not? Are you the practical manager of the factory or not?

Mr. WHITMAN. I am at the head of it.

The CHAIRMAN. You are at the head of it and you can not give us the proportion of coarse to fine woolen?

Mr. WHITMAN. I use about 200,000 pounds of wool a day. Part of it is used in my own factory in spinning and weaving, and part of it is gotten from other people. It is difficult to answer that question from memory.

The CHAIRMAN. Very well; if you can not give it to us we will get the information elsewhere.

Mr. WHITMAN. We use wools that are grown in South America, in Australia, and in New Zealand and in every Territory and State of the Union.

The CHAIRMAN. That answers the question. Now, perhaps you can state the smallest percentage of waste in all those wools you use.

Mr. WHITMAN. What do you mean by waste?

The CHAIRMAN. I mean the waste from the condition of unwashed wool to their finished condition, rendered to the company, converted, until they are scoured; that is, until the process of scouring is completed.

Mr. WHITMAN. The shrinkage would be from 25 to 30 per cent.

The CHAIRMAN. And the greatest shrinkage in that process of scouring?

Mr. WHITMAN. The greatest would be from 70 to 75 per cent.

The CHAIRMAN. Then if you exact just exactly four times the duty on washed wools, or 44 cents per pound, there is a great discrepancy in the equivalent ad valorem on those wools, is there not, on the scoured woollens—that is, if you exact a duty of 44 cents on a pound of wool where the shrinkage is only 25 per cent, and 44 cents on a pound of wool where the shrinkage is 70 per cent, there is a great discrepancy in the duty, is there not, in equalizing the rate?

Mr. WHITMAN. When I spoke of 70 per cent I had reference to our own wool.

The CHAIRMAN. What class of wool is it where there is only 25 per cent of waste?

Mr. WHITMAN. I think there are some washed wools that would not shrink in the scouring more than 25 per cent.

The CHAIRMAN. What are those worth before the duty is paid, laid down in New York or in Boston?

Mr. WHITMAN. I do not remember to-day.

The CHAIRMAN. Well, about what was it at any time in the last month?

Mr. WHITMAN. We have not bought any, and I do not know.

The CHAIRMAN. Well, we will have to find out from somebody else. I did not know but what you could give us the information. We have got to go into all these matters, and we would like to have you furnish a statement of it, and show the committee why a uniform duty of 44 cents a pound is the property duty on all kinds of wool, and why it should be levied on the wool in cloth or on scoured wool. We want information upon the subject, Mr. Whitman, and if you can give it to us we will be obliged to you, and you may put it in your supplemental brief; if not, we will get it from some other source.

Mr. WHITMAN. I will be glad to do so.

Mr. GRIGGS. What is the total consumption of woollen goods in this country?

Mr. WHITMAN. The value of our product is estimated at 370,000,000, and if you add to that the value of the imported goods—

Mr. GRIGGS. Three hundred and seventy million is our output, is it?

Mr. WHITMAN. I think it is 380,000,000.

Mr. GRIGGS. What is the value of the importations that you say have been increasing so rapidly of late years?

Mr. WHITMAN. My paper seems to have been taken from the desk.

Mr. GRIGGS. I simply want to get the two together.

Mr. WHITMAN. My recollection is that it was 22,000,000.

Mr. GRIGGS. As against 380,000,000?

Mr. WHITMAN. Yes, sir; but the duty paid value was 42,000,000.

Mr. GRIGGS. You mean the value of the importation plus the duty?

Mr. WHITMAN. Yes, sir.

Mr. GRIGGS. But the real value of the importations, without the duty, is \$22,000,000?

Mr. WHITMAN. Yes, sir.

Mr. GRIGGS. Now, as compared with 380,000,000, that is about one-fifteenth, is it not?

Mr. WHITMAN. I should say that it was about one-tenth, if you add twenty-two—

Mr. GRIGGS. Twenty-two million as against 380,000,000. What is the proportion of 22 to 380? It is about one-fifteenth, is it not?

Mr. WHITMAN. If you take 380,000,000 and add the 22,000,000 it would be 402,000,000, and 22 into 402 would be nearly 20 per cent; yes, sir. It depends upon the amount you value it.

Mr. GRIGGS. Then you do control the wool trade in this country; that is, control the wool trade to the extent of 80 per cent at the very least?

Mr. WHITMAN. I would think that is reasonable—no, I would say 90 per cent.

Mr. GRIGGS. If it is true, Mr. Whitman, that the home market is controlled by the home manufacturer to the extent of 90 per cent, is not that a practical monopoly of the wool trade?

Mr. WHITMAN. The wool manufactures?

Mr. GRIGGS. Yes.

Mr. WHITMAN. It is pretty substantially so; yes, sir.

Mr. GRIGGS. Then the present tariff rate does give to the wool manufacturers of this country such protection as they have a monopoly of the wool trade?

Mr. WHITMAN. In this country?

Mr. GRIGGS. In this country; yes.

Mr. WHITMAN. I would not say that it was a monopoly. It is a very large proportion.

Mr. GRIGGS. Would you not say that it was practically a monopoly?

Mr. WHITMAN. No, sir; I do not think I could go that far.

Mr. GRIGGS. Can you not control the prices?

Mr. WHITMAN. Oh, no, sir.

Mr. GRIGGS. The woolen trade in this country can not control prices as against the foreigner?

Mr. WHITMAN. No, sir; we have no control over prices.

Mr. GRIGGS. I do not understand that.

Mr. WHITMAN. Our prices of all classes of goods are determined by so many conditions—the conditions of trade.

Mr. GRIGGS. But here is 90 per cent sold by you and 10 per cent by the foreigner. Can not the man who controls 90 per cent of the market control the price?

Mr. WHITMAN. No, sir; the buyer largely controls the price.

Mr. GRIGGS. Largely?

Mr. WHITMAN. Yes, sir.

Mr. GRIGGS. We are a little nearer together now.

Mr. WHITMAN. The buyer controls the price.

Mr. GRIGGS. He controls at least 90 per cent of it?

Mr. WHITMAN. I would not say he absolutely controls it, but it is largely so; yes, sir.

Mr. GRIGGS. What is the age of the woolen industry in the United States?

Mr. WHITMAN. I can not answer that.

Mr. GRIGGS. Is it older than you are?

Mr. WHITMAN. I should hope so.

Mr. GRIGGS. I am not intimating that you are an old man, because you look to be a young man. You look like a young man and talk like an old man.

Mr. WHITMAN. The wool industry of the United States is somewhere about practically 80 years old, and the worsted industry is about 40.

Mr. GRIGGS. And the other about 80?

Mr. WHITMAN. I should say 80.

Mr. GRIGGS. Then no branch of the woolen industry in this country is an infant industry?

Mr. WHITMAN. I would not call it an infant industry; no, sir.

Mr. GRIGGS. It is rather at the age of senile decay, is it not; it has to be supported by crutches?

Mr. WHITMAN. Oh, no, sir; far from it.

Mr. GRIGGS. Now, you have talked about the difference between—I beg pardon, have you fully answered that question? You said, "Oh, no, sir," and I was perfectly satisfied with the answer.

Mr. WHITMAN. That is all. I said that in speaking of the industry as being in a condition of senile decay.

Mr. GRIGGS. You said it was not.

Mr. WHITMAN. Yes, sir; it was not. I did not know whether you understood me.

Mr. GRIGGS. Do you think it is old enough to stand alone?

Mr. WHITMAN. Under the same conditions I would not ask a favor of anybody.

Mr. GRIGGS. Under the same conditions under which it began, do you mean?

Mr. WHITMAN. Under the same conditions as the foreign manufacturers are I would not ask any odds of anybody.

Mr. GRIGGS. The only difference between you and the foreign manufacturer is the cost of labor, is it not?

Mr. WHITMAN. Oh, no, sir.

Mr. GRIGGS. What are the other differences?

Mr. WHITMAN. I have enumerated them in the paper which I read—what the cost of manufacture is—

Mr. GRIGGS. I understand all that, but I want you to give it to me now, because I can not remember all that was in that paper.

Mr. WHITMAN. I am sorry.

Mr. GRIGGS. I am simply asking you upon points upon which I am interested. Now, what are the other differences between the cost of manufacturing here and in Europe in the woolen goods?

Mr. WHITMAN. It is the cost of the labor employed in the industry, the greater cost of the mills and machinery here, and the lesser cost of the mills and machinery there.

Mr. GRIGGS. Our mills here cost more to build?

Mr. WHITMAN. Yes, sir; and the lower general scale of wages.

Mr. GRIGGS. Have we not better mills than they have—that is, than our competitors across the water have?

Mr. WHITMAN. I do not say so.

Mr. GRIGGS. You say they build cheaper mills than we do?

Mr. WHITMAN. I mean by cheaper less cost, but they are not inferior to ours.

Mr. GRIGGS. Now, what is the next?

Mr. WHITMAN. The general scale of wages.

Mr. GRIGGS. You have mentioned that once; you can not put that in three times. You said the difference in labor cost first, then the general scale of wages second, and then the general scale of labor third. Do not let us put that in more than once.

Mr. WHITMAN. I will be perfectly satisfied if you get it in once.

Mr. GRIGGS. Now, is there any other difference?

Mr. WHITMAN. The general scale of living over there—of business in England—

Mr. GRIGGS. That is a difference in labor, is it?

Mr. WHITMAN. So long as you include them in the difference of labor, I am satisfied.

Mr. GRIGGS. Of course if a man gets less money he lives more cheaply. We all understand that. Do you think you need a duty of 134.54 per cent to make up these differences which you have detailed?

Mr. WHITMAN. We do not need that; no, sir. I do not think we need 134.54 per cent.

Mr. GRIGGS. That is what the Treasury Department books show.

Mr. WHITMAN. On a particular item.

Mr. GRIGGS. That is on wool and woolen goods, women's and children's dress goods, coat linings, Italian cloths, etc.—coming back to Mr. Crumpacker's question—valued at not more than 40 cents a pound. The per cent ranges in the last ten years from 134.54 to 155.54. Now, you do not need that much to make up the difference between American and European labor, do you?

Mr. WHITMAN. I still assert that those percentages are altogether misleading.

Mr. GRIGGS. You do?

Mr. WHITMAN. Yes, sir.

Mr. GRIGGS. They were made up by a protective government.

Mr. WHITMAN. I do not question the accuracy of the figures.

Mr. GRIGGS. Why are they misleading?

Mr. WHITMAN. Because percentages are misleading. It is not fair to have a little single thing that happens to come into this country, no one knowing from where it was brought or how it was brought.

Mr. GRIGGS. Is it not true that the per cent of duty is what prevented those articles from being imported?

Mr. WHITMAN. I do not think so; I think it is because we make them so cheap here. I do not believe there is 135 per cent, on the average, of such goods.

Mr. GRIGGS. You stated something in your paper relating to undervaluation; you stated, as I interrupted you—and the chairman asked me not to interrupt you further—or I understood you to say that the agents of the foreign houses in this country would stand by whatever the principal said.

Mr. WHITMAN. I did not hear your question.

Mr. GRIGGS. Did I understand you correctly when I understood you to say in relation to undervaluation of importations that usually the agents of the foreign houses, of foreign manufacturers in this country, would stand by whatever their principal said or did.

Mr. WHITMAN. I think that is a fair statement.

Mr. GRIGGS. Now, I want to ask you the other question and let you open up that field if you want to—you said you could open up with it. Do you think that condition of affairs exists between all agents abroad?

Mr. WHITMAN. I would not say that.

Mr. GRIGGS. I mean as a class.

Mr. WHITMAN. I think it is so as a class.

Mr. GRIGGS. You think it is true as a class?

Mr. WHITMAN. It is pretty hard for me to say here in public what I really think, but I am going to tell it, although it is against my interest. In my judgment there is a concerted policy between the manufacturers of Germany and their agents here to send in goods at less than they ought to come in at under the law.

Mr. GRIGGS. That is not dangerous. Every manufacturer who has been here has stated that that condition exists between every principal and agent. Do you believe as a class that it does?

Mr. WHITMAN. I do.

Mr. GRIGGS. You do not believe it exists now except in Germany?

Mr. WHITMAN. I think it exists to a greater extent in Germany than any other country in the world.

Mr. GRIGGS. Where else does it exist?

Mr. WHITMAN. Everywhere.

The CHAIRMAN. Mr. Whitman, I have a letter in my hand from Edward Moir, dated Marcellus, N. Y.—you probably know him?

Mr. WHITMAN. Yes, sir.

The CHAIRMAN. I am going to put that letter and statement in the record and the clerk will hand you a printed copy of it. It makes some statements about the meeting of the manufacturers. You have probably seen it before.

Mr. WHITMAN. I know Mr. Moir.

The CHAIRMAN. I was going to suggest to you that in your brief you can make whatever comments you think proper, or that you desire to make before the committee to-morrow morning, if you can be here at that time.

Mr. WHITMAN. I am much obliged to you, but I could not possibly do that.

The CHAIRMAN. I was only going to suggest to you that you could come before the committee to-morrow if you desired and make such reply to that letter as you thought proper.

Mr. WHITMAN. May I say one word? You made a request that I furnish certain information. I will be glad to furnish the information that you ask for.

(The letter referred to by the chairman is as follows:)

MARCELLUS, N. Y., *November 30, 1908.*

HON. CHAMP CLARK,

House of Representatives, Washington, D. C.

DEAR SIR: I take the liberty of sending you some matter on the wool tariff which may be of interest.

Yours, truly,

EDWARD MOIR.

MARCELLUS, N. Y., *November 27, 1908.*

Recently the writer was invited to attend a meeting in Boston consisting of a committee of the American Association of Wool Manufacturers and of the Worsted and Woolen Goods Association. Thinking the meeting was for the purpose of ascertaining the views of the textile trade generally, with a view of coming to some common understanding on tariff changes that might be recommended to the Ways and Means Committee of the House, I was glad of the opportunity of being present.

Mr. William Whitman, president of the National Association, was invited to the chair and after a few preliminary remarks, stated that about a month before election, a committee of his association had met a committee of the Wool Growers' Association at Chicago, the result of this conference being that both associations agreed to stand "pat" on Schedule K of the Dingley bill. This was rather astonishing to me, and I took the opportunity of dissenting very strongly against such a compact being approved of. I feel so strongly on this subject that I am taking this method of bringing to the attention of the woolen manufacturers especially, and the wool trade generally, the great injustice to the woolen industry under the obnoxious method of collecting the duty on wool.

Under the present specific system, the woolen manufacturer is very severely handicapped on his raw material. As stated at the meeting referred to, it is evident that one branch of the textile industry is greatly favored by the terms and method of collecting duty on its raw material coming from abroad. The writer, by way of illustration, cited wools used by such as the Arlington and other mills, comparing same with wools that would be desirable for the manufacture of various lines of woolens. In the first place, English pulled and fleece washed wools suitable for combing purposes may be imported, paying a duty of 12 cents per pound. These wools in washing will lose from 16 to 28 per cent, whereas woolen manufacturers who want to use Cape, Montivideo, or fine Australian, averaging 65 per cent washing loss, must pay 11 cents per pound duty. Let us see the advantage of this to the worsted industry, and against the woolen manufacturer. We will say the Arlington mills brings in pulled wool losing 16 per cent in washing. The duty is 12 cents per pound. The compensatory duty on the cloth is four times the rate of duty on the wool, so that on 4 pounds of this wool the return would be 3.36 clean pounds, on which 48 cents duty is paid, or 14.3 cents per clean pound. On the other hand, should the woolen manufacturer bring in fine wool, losing 65 per cent in washing, at a duty of 11 cents per pound, the compensatory duty on the cloth being four times the wool duty, he would pay on 4 pounds 44 cents and get back 1½ pounds.

clean wool, making the duty per pound 31½ cents, as against less than 15 cents paid by the worsted manufacturer using many of these English wools. A wool that shrinks 70 per cent, paying 11 cents per pound duty, is nearly 37 cents per pound clean, the extreme difference being about 22 cents per pound. When we consider the enormous advantage accruing to part of the worsted industry, such as are bringing fleece washed wools at a single duty rate, one does not wonder at Mr. Whitman's association taking time by the fore lock, and making such a compact with the woolgrowers. Anyone can see the "nigger in this fence," as all other fleece-washed wools suitable for woolen purposes must pay double duty, or 22 cents per pound, and on heavier shrink wool. By way of further illustration of the absurdity of a specific duty upon wool, let me state that during the free-wool period of the Wilson bill we found great differences in the rates of duty which parcels of wool imported would have paid under the Dingley or the McKinley bill: the lowest duty that would have been collected on our importations in 1895 figured 75 per cent on the cost of the wool and the other extreme 140 per cent on the ad valorem cost. Wool at that time abroad was cheap. Nevertheless, it shows the utter absurdity of specific duties on this kind of raw material. When one considers that the washing loss varies from 15 per cent to 80 per cent, it ought to be apparent to the ordinary man that such a method of collecting the duty on wool is very favorable to some branches of the industry, and grossly unfair to others. The duty upon wool in a specific form being fixed when wool is high abroad, the ad valorem duty figures less, and when wool gets very cheap abroad, as it sometimes does, the specific duty, having to be paid no matter what the cost per pound may be, injures the domestic manufacturer and bonuses the foreign manufacturer, enabling him to undersell our home manufacturers. This has happened several times in the last twenty years. One might ask why are the woolen manufacturers putting up with this incongruity? This might be explained in this way. Men who were in the woolen business in 1865, in time dropped out, and for the last twenty-five or thirty years their successors have not had opportunity of knowing the great variety of foreign wools that can be utilized in the manufacture of woolen goods. Many of these wools are arbitrarily excluded by the specific duty, owing to their great washing loss. This country does not produce all kinds of wool and never will, and as these desirable wools are excluded by weight duty, we see in the government statistics great quantities of woolen goods being imported from year to year, while much of our woolen machinery is idle. The duty was first placed on wool, as I understand it, in 1865 as a war-revenue tax, and it seems incomprehensible to a great many people that this war revenue tax should still be considered necessary to enable wool to be grown successfully in this country. If the Australian and South American woolgrowers can grow wool successfully and make considerable money, it seems singular to me that a western woolgrower, with the cheapest land in the world, and grazing for sheep provided practically free, should require or have the cheek to ask a duty upon foreign wool, running from 40 to 120 per cent ad valorem on present values. Let us compare the position of the woolgrower with men in other branches of industry. Take the machinery manufacturer for example. A machinery manu-

facturer has expensive buildings to construct with all the necessary adjuncts for manufacturing, plus the expensive daily labor and other expenses, has to get along and does make money on a 45 per cent ad valorem duty. Therefore, why can't a woolgrower who has no such expenses make money with a duty of 25 per cent ad valorem on foreign wool? Another feature of this wool duty is the dividing of wool into classes. I never have believed carpet wools should be admitted under a lower rate of duty than clothing wool. It has also seemed to me to be an absurdity that wools entering into the manufacture of clothing for men and women should pay a higher tax than wools which enter into the manufacture of carpets. Why should an article that is a necessity be legislated dear, and an article that is a luxury legislated cheap? Why not let those who can buy carpets contribute to the revenue equally with the people who have to buy clothing? An ad valorem duty on wool of 25 per cent and all wools paying same rate of duty would, in my judgment, be a very desirable situation to bring about. At the present time, as domestic wool is cheap—prices of wool abroad are fairly high—goods are not in a large supply, and now would be a very opportune time to put wool upon a lower duty basis. I am not wedded to any particular rate of duty, but am satisfied that if the woollen business is not upon an equitable basis with other branches of the trade as to wool, it will be gradually driven out of existence, or confined to such mills as by favorable location and other advantages, may survive from one period of fashion in woollens to another.

I omitted to say that at the meeting held in Boston the president of the National Association, Mr. Whitman, made a statement that the woollen business was a declining business; that people wanted worsted goods, as they could be made lighter in weight for summer use; that the great competitor of the woollen business was the cotton business. Cotton was so cheap people seemed to like it, and between these two businesses the woollen business would decline and you could not help it.

Mr. Whitman did not seem to be aware that he was making a splendid argument for cheaper wool for the woollen mills. Nearly everyone I have spoken to on this subject is in favor of an ad valorem duty upon raw wool. I do not believe that a duty of 40 to 120 per cent on an ad valorem basis at present prices on any material can be justified by anybody. Any manufacturer in any line will say that nothing is so detrimental to the success of a manufacturing business as that of dear raw material. The absurdity of this tax and the iniquitous method of its collection is so great, I wonder the wool dealers and the manufacturers have let themselves be hoodwinked for so many years. I put the absurdity of the wool duty before the gathering in Boston in this way, asking one of the woollen manufacturers present this question: Suppose you were making six or seven different fabrics in your mill; that your raw material were free; that you demanded that Congress should enact for your benefit that duties against the foreigner should be imposed running from 40 to 120 per cent. What kind of a man would you think yourself? With free raw material this same man on 50 per cent duty on competing cloths did very well. Another manufacturer told me that during the last two years of the Wilson bill he never made so much money. Whatever rate of duty is put on wool should be an ad valorem one, so all branches of the textile industry will be put on the same footing as to its raw material. A

continuance of the specific form of duty means continued hardship to the woolen mills, seeing that the worsted people are allowed to bring in English washed fleeces and pulled wool at 12 cents per pound duty, when in common fairness they should pay 24 cents. The point may be made on an ad valorem basis there would be undervaluations. This criticism can be only made by those not well informed. No article of merchandise imported in its natural condition can be more closely determined as to its actual market value at the point of exportation than can wool in its natural state. I make this statement feeling perfectly sure that the wool dealers generally will agree with me. There would be no objection in having an extra duty on scoured wool so as to insure all wool washing being done in this country. So far as carpet wools are concerned, an ad valorem rate would be a great relief to the trade and do no harm to the revenue. The theory of protection, as I understand it, is that, given a duty against the foreign article sufficient to compensate for increased cost of production in this country, practically all the country needs of that article will be made here. This contention is admitted to be substantially correct on many lines of manufacture. Since 1865, forty-three years ago, excepting three years of free wool, we have had this high duty on wool. During that time the population of the country has practically doubled and the wool production has passed its limit as each year the clean product in pounds is decreasing, so that the theory of protection has completely failed in the production of wool. Mr. Dingley proposed to reduce the duty on wool under the McKinley bill something like 40 per cent, but the western Senators held the administration up; seeing they could not get anything for silver, they demanded and got the present high duty on wool. No doubt it will take a big fight to get an ad valorem on wool. For the present the woolen mills are not so much concerned about the rate of duty as it shall be an ad valorem one, as this will be a long step in the right direction. Heretofore a few men, largely of the worsted persuasion, have been dominant factors in the making of the wool and woolen schedule, as is evidenced by the duty on worsted yarns from 2-ply 60's down; also on tops, both of which articles of commerce are made dutiable at so high a rate of duty as to be absolutely prohibitory. It now behooves the wool dealer, the carpet and woolen manufacturer, to be up and doing, by petition to the Ways and Means Committee, to the President-elect, and to their Representatives in Congress, protesting against the present method of collecting the duty on wool and in favor of the ad valorem system, as no industry can be successful so long as its raw material is arbitrarily excluded by the operation of a tariff such as we now have.

EDWARD MOIR.

Mr. GAINES. It has been stated by the manufacturers of textiles, both cotton and wool, that in the foreign countries the machinery is driven more rapidly, in that way increasing the machinery efficiency of the factory, and the duty to that extent of labor cost. Why should that be so? I do not mean why should it operate that way, but why should the facts be that the machinery should be driven more rapidly in other countries than this?

Mr. COCKRAN. He said driven more rapidly here.

Mr. GAINES. No; the textile people have all testified that the machinery is driven more rapidly in foreign countries than it is here.

Mr. WHITMAN. I have been in the manufacturing business forty-two years next February. I am running 400,000 cotton spindles, and am running this big mill. I am president of four corporations, and I am a little more interested, if anything, in cotton than I am in wool. I am also one of the largest distributors in the United States. That need not go on the record.

Mr. COCKRAN. Why should that not go on the record?

Mr. WHITMAN. That is advertising myself.

Mr. CLARK. We want it in.

Mr. COCKRAN. You should not be modest about that.

Mr. GRIGGS. You are the only first-class trust I have ever seen. You ought to stay in existence.

Mr. GAINES. Now, please answer my question.

Mr. WHITMAN. I do not believe it to be true that foreign machinery is driven any faster than our machinery. I do believe that the trained labor of Europe, over which perhaps they have more control than we have over our labor—and especially so in France and Germany, and perhaps to a greater degree in France than in Germany, owing to political conditions in Germany—I believe that trained labor to be more efficient than ours.

Mr. GAINES. I understand that; but you deny the fact as to the rapidity of the machinery.

Mr. WHITMAN. I do not believe that the machinery in Europe is driven any faster than our machinery, nor do I believe that man for man they turn out any more work; but we do get a larger product probably owing to our system of conducting business. If this country had to do the business in the way it is done in France we would have to treble our employees everywhere and in every case, because we limit ourselves in a pint pot. It is all conducted on practically the principal of a French restaurant in New York.

Mr. COCKRAN. Perhaps you had better explain that to us.

Mr. WHITMAN. I class Delmonico's with a French restaurant. I have a sort of recollection that I have seen you there.

Mr. COCKRAN. Mr. Whitman, in answer to Judge Crumpacker you made one or two statements that I think, perhaps, ought to be a little further elucidated. You are engaged, as I understand you, in the production of yarns, woolens, and worsteds, and in the dress goods—women's and children's goods?

Mr. WHITMAN. In the whole business; yes, sir.

Mr. PROCTOR. Now, so far as yarns are concerned, made wholly or in part of wool, I find that they are divided into two classes, some valued at less than 30 cents a pound and some over 30 cents per pound. On the cheaper yarns the duty ranges from 143 to 177 per cent, in different years, and the importation is almost nil—that is, the cheaper class of yarns.

Mr. WHITMAN. Yes, sir.

Mr. COCKRAN. Do you think 170 or 177 per cent, which was the average in 1899, and 143 per cent, which was the average in 1897, are fair rates of duty on those articles?

Mr. WHITMAN. Yes, sir; if you will deduct the wool duty from it you will find that the percentage is not far out of the way.

Mr. COCKRAN. But if you import yarns you only pay one duty?

Mr. WHITMAN. But you pay a compensatory duty equal to three and one-half times; I think it is the duty on wool.

Mr. COCKRAN. As far as the duty on yarns is concerned, I do not care about where the difficulty may lie; but do you think the rate of duty, ranging from 143 to 177 per cent on yarns, the cheaper qualities of yarns, is a fair rate of duty?

Mr. WHITMAN. I think it is in this case.

Mr. COCKRAN. It has had the effect of keeping out in the year 1907 all but 81½ pounds?

Mr. WHITMAN. Looking at it from the industrial point of view and not from the political or the strictly economic point of view, but looking at it as a practical matter, there ought not to be a single pound of any semimanufactured article admitted into this country to come into competition with anything manufactured here, because it would not be possible to carry on our business if we had to import yarns.

Mr. COCKRAN. You do import yarns to a considerable extent, costing over 30 cents, do you not?

Mr. WHITMAN. Those yarns that are mentioned are about a two or three weeks' product of one mill.

Mr. COCKRAN. Let us see. There were 81½ pounds imported of cheaper yarn, and I find 164,355 pounds imported of the dearer yarn, and their rate is 78.25 per cent.

Mr. WHITMAN. How many pounds?

Mr. COCKRAN. One hundred and sixty-four thousand three hundred and fifty-five.

Mr. WHITMAN. That is less than a week's production of our mill.

Mr. COCKRAN. Now, do you think that it is a proper adjustment of the tariff which makes the article consumed by the poorer class—that is, the cheaper article—bear the heaviest rate of duty?

Mr. WHITMAN. I can not give you a direct answer to that question.

Mr. COCKRAN. I supposed not. Then do not try. If you can not give me a direct answer, I want none. If you can give me a direct answer, I will wait here as long as possible to hear it.

Mr. WHITMAN. I can not answer it categorically yes or no.

Mr. COCKRAN. Very well; we will come to the dress articles of which you are a producer. I find here that of those goods costing less than 15 per cent per square yard and not above 70 cents per pound there were in 1907 11,128,071 pounds imported.

Mr. WHITMAN. Excuse me, they were square yards.

Mr. COCKRAN. Square yards, I mean, and the rate of duty there was 105.92. Now, what was the total production in this country, if you know, in square yards of that class of goods?

Mr. WHITMAN. About 200,000,000 square yards that came in competition with all of these goods.

Mr. COCKRAN. Now, there were about 5 per cent of the total amount consumed imported?

Mr. WHITMAN. You have only got one classification.

Mr. COCKRAN. I asked you about that classification and you said about 200,000,000 of that.

Mr. WHITMAN. No; not that classification; 200,000,000 square yards of dress goods, according to the census of 1905, were manufactured in the United States, but, as I have stated in answer to some other member of the committee, the number of square yards of those goods imported into the United States weighing less than 4 ounces per square yard was about 37,000,000 of square yards. Now, if you

take 200,000,000 and add 37,000,000 you would have 237,000,000 and it would be about 18 per cent or 20 per cent.

Mr. COCKRAN. I understood you to say there were 380,000,000, in answer to Mr. Griggs.

Mr. WHITMAN. That was the valuation of the total wool manufacture of the country.

Mr. COCKRAN. You were not speaking of dress goods?

Mr. WHITMAN. No; I think not.

Mr. COCKRAN. I understand. Now, Mr. Whitman, I find that these cheaper goods bear a tax of 105.92 per cent while the more expensive goods, costing over 15 cents a yard and above 70 cents a pound, bear a rate of only 94 per cent. Do you think it is a proper exercise of the taxing power to impose such a heavier rate of duty upon the cheaper article, that is consumed presumably by the poorer members of the population?

Mr. WHITMAN. It is the fallacy of percentages; percentages are fallacious. Now supposing an article abroad is worth \$1 and the duty on it is 50 cents—50 cents specific—and through some changes in the price of that falls to 70 cents, then the per cent rises from 50 to 71½ per cent.

Mr. COCKRAN. Do you see anything fallacious about that? Certainly it would not be to the man who paid it.

Mr. WHITMAN. It is a fallacy in the reasoning as to the amount of protection.

Mr. COCKRAN. I can see no fallacy in that.

Mr. WHITMAN. There is to be a decided fallacy.

Mr. COCKRAN. And you think that such inquiries as I am making are superfluous?

Mr. WHITMAN. Oh, no, sir.

Mr. COCKRAN. If percentages are simply fallacious, inquiries about them are certainly superfluous.

Mr. WHITMAN. I suggest that if you would take the specific duty, which is supposed to be the compensatory duty, you would find that the protective duty was 50 per cent.

Mr. COCKRAN. That is all I care to ask.

Mr. BOUTELL. Mr. Whitman, how long have you been in business?

Mr. WHITMAN. In what business do you mean?

Mr. BOUTELL. The manufacturing business.

Mr. WHITMAN. Forty-three years.

Mr. BOUTELL. You were then in active business when the wool tariff of 1867 was framed?

Mr. WHITMAN. Yes, sir; I was.

Mr. BOUTELL. Did you take an interested part in the framing of that tariff?

Mr. WHITMAN. I did not.

Mr. BOUTELL. On what tariff since then have you taken an interested active part in framing?

Mr. WHITMAN. Pretty much every one.

Mr. BOUTELL. Which one of these tariffs has been the most acceptable to you?

Mr. WHITMAN. The present tariff.

Mr. BOUTELL. I notice in looking over these tariffs that the classification founded in 1867 has been carried down to the present time, and that the framework of the schedule adopted in 1883 has been

continued through the McKinley and Dingley bills, and you say you had an active part in all those laws?

Mr. WHITMAN. I can not say that I had any part in framing the laws.

Mr. BOUTELL. I mean a part similar to the one you are taking now, or taking an active part in presenting.

Mr. WHITMAN. Oh, yes, sir; a far more active part than now, because in the earlier days I was asked to give information about our industry, both by the Committee on Ways and Means and the Finance Committee, and I think they found they could depend upon what I told them—they always sought information from me.

Mr. BOUTELL. I notice in the law of 1897, in section 364, something that does not appear in any of the other laws, and one which naturally suggests some question as to why it was adopted.

Mr. WHITMAN. Which one is that?

Mr. BOUTELL. It is paragraph 364 of the present law, under which on the wool in which any rudimentary manufacture takes place, even to tying up the bundles, the duty is fixed at treble or quadruple what it is on raw wool, with an added duty of 50 per cent ad valorem to the one outside of the wool industry. That seems to be a most extraordinary provision. Can you give any explanation of it?

Mr. WHITMAN. I am sure that you will find that that is almost an exact transcript of the McKinley law. When the Gorman-Wilson law came into operation it abolished all that. It is in the new law. When this was framed it was framed for the purpose of preventing covering any loopholes. Now, I had nothing to do with the framing of that paragraph; I was sick at home. I should judge possibly from the question that the gentleman perhaps had been told that I had had something to do with the framing of that paragraph.

Mr. BOUTELL. I assure you not, Mr. Whitman. I have never heard your name mentioned in connection with it, and notwithstanding your distinguished position in the wool trade I never heard your name mentioned before to-day.

Mr. WHITMAN. I am very glad of it.

Mr. BOUTELL. But that is a paragraph which naturally attracts the attention of any economic student. It is substantially the same in the McKinley law, but did not appear in the law of 1883.

Mr. WHITMAN. No, sir; because wool was free.

Mr. BOUTELL. Yes, or in the law of 1867. But leaving outside the question of the law, it seems that how it appeared in the law requires explanation. What explanation do you give of this extraordinary duty of treble and quadruple the duty on plain wool with that added duty of 50 per cent ad valorem?

Mr. WHITMAN. I think it was put in as a sort of catch-all to prevent anything that did not happen to be enumerated coming in at a ruinous rate. That is my recollection, so far as I am cognizant of its origin. I think the chairman remembers that fact.

Mr. BOUTELL. It may appear in some of the detailed hearings on the Dingley law, but to the ordinary reader, and comparing the two laws, it would seem to be a paragraph that needed explanation. You are here to stand by the present law?

Mr. WHITMAN. Yes, sir.

Mr. BOUTELL. And I am here to know what the reasons for it are. That is a paragraph that puzzles me more than any other in the

whole schedule. It is an extraordinary thing to say that a raw material which goes simply beyond that stage which would be tying it up into a bundle would stand three times and four times the duty on the raw material, with 50 per cent ad valorem added. That is enough, I admit, to excite the curiosity of any ordinary intelligent citizen.

Mr. WHITMAN. Well, it was undoubtedly put there for the purpose of catching anything that was not enumerated in the law.

Mr. BOUTELL. It seems to me it is a good deal like constructing a whale net to catch a mosquito with, if that was the only intention of it. There must be some explanation for it.

Mr. WHITMAN. I will try to give you all that I know.

Mr. POU. What section is that?

Mr. BOUTELL. Three hundred and sixty-four.

Mr. WHITMAN. In the framing of tariff bills my experience has been that it is almost impossible to enumerate specific articles; that the law is almost always evaded in some way, and while this does appear on its surface to be extraneous I have no doubt that it was put in for that purpose, and I beg to assure you that it does no harm.

Mr. BOUTELL. That is your idea, is it, that it was put in in that intricate and involved language, and using another paragraph by way of reference, as a merely prohibitive duty on something that might possibly creep in?

Mr. WHITMAN. Yes, sir.

Mr. BOUTELL. That certainly was a very involved and labarynthian way to accomplish a very small purpose.

The CHAIRMAN. It looks very much like a blanket clause.

Mr. WHITMAN. That is exactly what it is.

The CHAIRMAN. To catch anything that the other parties may have omitted or that the courts might construe.

Mr. BOUTELL. That blanket clause is in 366, and it would not have taken but two words to have included the raw wool. Three hundred and sixty-four is a separate clause and refers to 366.

Mr. WHITMAN. The chairman has answered the question far better than I am able to answer it.

Mr. BOUTELL. I admit that.

Mr. WHITMAN. In my judgment, it is all right.

Mr. BOUTELL. I have no doubt about that, that in your judgment it is all right. You have commended the whole law. To pass now to another subject. You gave some figures with reference to the earning capacity or the actual earnings of manufactured stocks in New England for a period of one hundred years. That is correct, is it not?

Mr. WHITMAN. I quoted a general authority; yes, sir.

Mr. BOUTELL. I understood you to heartily commend the source of your information and to make those figures your own.

Mr. WHITMAN. No, sir. I stated them as the result of General Draper's investigation.

Mr. BOUTELL. You do not accept them?

Mr. WHITMAN. I believe them to be true.

Mr. BOUTELL. Can you give the original connection in which those figures were used?

Mr. WHITMAN. I have forgotten the connection, but the substance appears in a book recently published—*Recollections of a Varied Life*—and they were given during his congressional career.

Mr. BOUTELL. You got them from that book?

Mr. WHITMAN. From both. They were published in the Bulletin at the time—the Bulletin of the National Association of Wool Manufacturers—and those figures were taken from that book, but were verified by General Draper's statement in his book recently published, entitled "Recollections of a Varied Life."

Mr. BOUTELL. You took your figures from the book and the Bulletin?

Mr. WHITMAN. I merely repeated what I believed to be General Draper's statement.

Mr. BOUTELL. And as I recollect those figures, they showed that over a period of ten years certain manufacturing industries in New England had earned from something below to something a little over 4 per cent.

Mr. WHITMAN. Yes, sir.

Mr. BOUTELL. Do you know what decade that was?

Mr. WHITMAN. I do not remember.

Mr. BOUTELL. Do you know whether it is given in the source of your information?

Mr. WHITMAN. It is not.

Mr. BOUTELL. Do you know what manufactures were included in that estimate?

Mr. WHITMAN. Only that there were a certain number of estimates stated by him. I have never talked with General Draper on the subject.

Mr. BOUTELL. It was not limited then to the woolen manufactures?

Mr. WHITMAN. No, sir; the woolen manufacture is strewn with more wrecks than any industry in this country.

Mr. BOUTELL. Well, of those that were not hopelessly wrecked, do you think that 4 per cent would be the average earning of the stock for any period of ten years since 1867?

Mr. WHITMAN. I think it would if we take into consideration all the failures and bankruptcies; I do not think it would be far out of the way. There have been a great many failures, and there have been a great many changes in the industry.

Mr. GRIGGS. Do you mean to use the failures and bankruptcies together with the successful ones, and average them up?

Mr. WHITMAN. You would have to do that. I think that would be the proper way.

Mr. BOUTELL. Can you give any estimate as to the average earnings of the stock in the woolen manufacture during the last ten years?

Mr. WHITMAN. No, sir; I can not; it is one of the most difficult problems. I do not think you were here when I read that part of my paper.

Mr. BOUTELL. I heard every syllable of your paper; I did not miss a word of it—pardon me for differing with you.

Mr. WHITMAN. I thought you were not here. It is the most difficult thing in the world to determine earnings.

Mr. BOUTELL. We can not get at any accurate deductions of the wool schedule by some vague, remote figures as to what happened in the iron industry or the cotton industry. I was simply asking whether you had any of those figures, general or definite, with reference to the earnings of the wool manufacture.

Mr. WHITMAN. I have stated that it is not possible to get correct figures from the fact that manufacturers do not put their cost on the same basis. I am perfectly willing to tell you that I became connected as a young man with the Arlington Mills, in 1867, as treasurer. I resigned in 1869 and was away practically six months when the directors came to me and asked me to go back again. They had lost all their money. I did go back with a promise that they would renew the capital by paying in in cash \$240,000. We went along for eleven years without paying any dividend. We made some earnings; the business was in its infancy, it was an infant industry then, and had an infant management. In 1877 we paid nominally a cash dividend of \$80,000, making the capital \$320,000. Then later we paid another dividend out of the accumulated earnings of \$80,000, making the capital \$400,000. I think we made during that period, 1877, or along there, a few dividends as high as 8 per cent. Then we began. We found we had to reduce the dividends to 6 per cent, and from those small beginnings we have paid in money from time to time and enlarged the capital to \$6,000,000. That is the capital stock. The capital perhaps is \$15,000,000—the real capital, the capital employed in the business. We have never paid over 8 per cent and we have earned 8 per cent.

Mr. BOUTELL. What were your total earnings and for what purpose were they used, whether stock or otherwise.

Mr. WHITMAN. I should say the gross earnings would be from 15 to 20 per cent, and from that you would have to deduct for depreciation all of those items that I have enumerated in my paper, and interest on the capital employed, both borrowed money and actual capital. We have never felt that we could pay more than 8 per cent; that is what we are paying now, and after more than forty years of my work the stock stands at about 130 to 135, and is sold in small quantities.

Mr. BOUTELL. What is the value of your entire property, bills of sale and cash?

Mr. WHITMAN. It is pretty hard to value or estimate what property is worth. I should say that it is worth somewhere from ten to twelve million dollars. Then we borrowed five millions; that makes it seventeen millions, and then the product is about fourteen millions.

Mr. HILL. What is the average rate of capital used in the woolen industry of the United States and the average rate for the same capital used in England?

Mr. COCKRAN. You mean in proportion to the product?

Mr. HILL. I mean the interest charge, the discount. It is double there what it is here?

Mr. WHITMAN. Oh, no, sir; not now. I should not think to-day that capital in the United States, which is so much cheaper than it used to be in the old times, would bring more than from 25 to 50 per cent, varying according to location.

Mr. HILL. Do you know any industry that requires a larger proportion of capital than does the wool industry that needs money any faster?

Mr. WHITMAN. It is all outgo; it needs an immense capital. In my paper I stated, as you will remember, that where there was a large dividend it came from the accretion of capital, and I have shown you that the basis of figuring, for instance, is wrong.

Mr. BOUTELL. One more question—are you through with your answer?

Mr. WHITMAN. I was not through.

Mr. COCKRAN. Finish your answer.

Mr. WHITMAN. If a man has a plant, we will call it, and he values it at a million dollars, and has a quick capital equal to a million dollars, and does not have to borrow any money, he is employing \$2,000,000. It is valued that way on his books. Another man has a plant like it, or practically like it, which costs \$2,000,000, and he has not a quick capital; he has got his plant, and you ask him the cost of manufacture and he bases his answer differently; ask them both and they will give you different answers. One man will say my cost is so and so; he would not include the interest on his plant and he would not include the interest on his quick capital; he probably does not do anything about depreciation, and probably says nothing about contingencies and reserve fund. Well, the other fellow has got a new mill and it is worth \$2,000,000, and he is doing the same amount of business. Well, he has got to add interest. If he adds interest on his borrowed money and adds interest on the value of his plant, which would be double that of the other man anyway, and his depreciation account, at whatever per cent he fixes it, would be an additional charge. So that all the certain charges that enter into the cost of manufacture, which have got to be earned before a man can say he has made any money, both buying notes and putting his money in bank, have to be considered. You see that the cost would be entirely different.

Mr. GRIGGS. You do not mean actual cost?

Mr. WHITMAN. The actual cost is different. That wrong method of figuring has caused the downfall of more manufacturing establishments than we know of.

Mr. GRIGGS. I understand, but is that not a difference in the method of bookkeeping—is that not all it is?

Mr. WHITMAN. I called it a difference in the actual cost.

Mr. GRIGGS. If the man who has the quick capital uses it and is obliged to use it in his business, does he not lose the interest on it, the same interest that the other man has to pay?

Mr. WHITMAN. Would you want to invest a million dollars in a property—

Mr. GRIGGS. I have not a million dollars and I can not talk with you on those figures.

Mr. WHITMAN. I am sorry I made the figures so large. Call it \$100,000.

Mr. COCKRAN. You spoke of your present capital being \$6,000,000. Was that capital the result of what is known as stock dividends above \$240,000, or was it additional money paid in?

Mr. WHITMAN. The money was paid in.

Mr. COCKRAN. How much?

Mr. WHITMAN. All of the \$6,000,000 was paid in except \$1,160,000.

Mr. COCKRAN. Then there were \$4,840,000 paid in?

Mr. WHITMAN. Yes, sir.

Mr. COCKRAN. And the \$6,000,000 of capital represented about \$1,160,000 of earnings which were capitalized?

Mr. WHITMAN. Capitalized during forty-two years; yes, sir.

Mr. COCKRAN. So that the total amount of capital was \$4,840,000?

Mr. WHITMAN. That was paid in; yes, sir.

Mr. COCKRAN. I understood you to say that the value of the property was about \$15,000,000—the value of the property owned by that concern is about \$15,000,000, you said?

Mr. WHITMAN. Call it ten million.

Mr. COCKRAN. Did you mean to say that you included among your property the amount you owed?

Mr. WHITMAN. If I stated that the property is worth \$15,000,000, I made a mistake.

Mr. RANDELL. He said it was \$12,000,000, and they had \$5,000,000 more, which made it \$17,000,000.

Mr. COCKRAN. Then, in addition to the \$12,860,000, you have about \$8,000,000 profit in that business?

Mr. WHITMAN. Nominally.

Mr. COCKRAN. It is actual if it is actual property.

Mr. WHITMAN. If it were not conducted at a profit, it would not bring 10 cents on a dollar. I sold as an executor, or as a creditor, a few weeks ago a mill for \$75,000 that two years before cost \$250,000.

Mr. COCKRAN. That is a most interesting fact, but I would like to have you come back to the matter I was discussing, and that was as to the \$12,000,000 of property that you have, which you said was worth \$12,000,000, did you not?

Mr. WHITMAN. It might not be sold for that. I am talking about intrinsic value.

Mr. COCKRAN. That is what I am talking about. Now we have arrived at a common point. You have \$12,000,000 of private property, worth intrinsically \$12,000,000, and you put in \$4,840,000 in cash, so the difference between those figures represents the accumulated profits?

Mr. WHITMAN. Yes, sir.

Mr. COCKRAN. You are paying dividends at the rate of 8 per cent not merely on the \$4,840,000 cash that you put in, but on the six millions; is that not so?

Mr. WHITMAN. Yes, sir; we pay the dividends on the capital stock, and we have been paying 8 per cent.

Mr. COCKRAN. How long have you been paying 8 per cent?

Mr. WHITMAN. I do not know; two or three years.

Mr. COCKRAN. How much before that?

Mr. WHITMAN. Six.

Mr. COCKRAN. How long were you paying 6 per cent?

Mr. WHITMAN. Quite a long time.

Mr. COCKRAN. Now let me see if I state it correctly. You have property valued at \$12,840,000, capitalized at \$6,000,000, of which \$4,840,000 was paid in, having earned \$1,160,000 which were capitalized, and you have been paying dividends on \$6,000,000 of stock at 8 per cent for the last three years and 6 per cent for several years before that?

Mr. WHITMAN. That is right.

Mr. CLARK. Do you want to go on record here as stating that the average earnings of this business are between 3 per cent and 4 per cent.

Mr. WHITMAN. No, sir; I have not made any statement of that kind.

Mr. CLARK. Those were the figures you obtained from Governor Draper?

Mr. WHITMAN. Yes, sir.

Mr. CLARK. Do you indorse Governor Draper's statement or not? Answer yes or no.

Mr. WHITMAN. Yes, sir.

Mr. CLARK. That makes you the father of the statement then?

Mr. WHITMAN. No; I—

Mr. CLARK. I want direct answers to my questions, and I will ask direct questions, if you please. Do you father Governor Draper's figures here; do you stand sponsor for them?

Mr. WHITMAN. For their accuracy?

Mr. CLARK. Yes.

Mr. WHITMAN. I believe them to be accurate.

Mr. CLARK. Then this business pays between 3 and 4 per cent dividends, taken-as a whole business; I am not talking about a plant, but this entire business. Is that correct or not?

Mr. WHITMAN. I do not assert that.

Mr. CLARK. Well, that is what Governor Draper's figures asserted, as you read them here.

Mr. WHITMAN. I read them in my statement.

Mr. CLARK. I ask you again, do you stand sponsor for them?

Mr. WHITMAN. I stand sponsor for the correctness of his statement as made by him.

Mr. CLARK. Do you indorse it as your own?

Mr. WHITMAN. No, sir; I can not make the statement of my own knowledge.

Mr. CLARK. Now, if it is not 3 or 4 per cent, what is it? We want to get at something tangible. There has been a good deal of fencing here to-day; now, let us get right down to brass tacks, as the fellow says, and find out where we stand.

Mr. WHITMAN. I am unable to tell you. You were out of the room when I read my paper.

Mr. CLARK. No, I was not. I heard more of your paper than you may suspect, and I heard that part of it. Assuming that those figures are correct, don't you know that money can be loaned on the very best real estate security in America for 6 per cent?

Mr. WHITMAN. I do not know that.

Mr. CLARK. Well, I will give you a piece of information, then, that it can be done and that it is done.

Mr. WHITMAN. I think I am as well informed as you are on that subject.

Mr. CLARK. If you are, why don't you answer as frankly as I do?

Mr. WHITMAN. Because I tell you that it is impossible to loan money in large sums in the eastern part of the country at 6 per cent on the best security.

Mr. CLARK. I did not ask you about the eastern part of the country. That is not the best part, anyhow. It is the poorest part, I venture that. Here is the question I asked you, whether or not you know that money can be loaned on the very best real-estate security that there is in this land at 6 per cent?

Mr. WHITMAN. No, sir; I do not.

Mr. CLARK. Well, I will give you that information. Do you know that it can be loaned at 5 per cent on the very best real-estate security?

Mr. WHITMAN. No, sir.

Mr. CLARK. It can be loaned in very large amounts at that rate, and in smaller amounts, \$5,000, \$10,000, \$15,000, \$20,000, or \$100,000, at 6 per cent. Now, if it can be loaned at that rate, and I know it can be, then why would a man take the trouble and worry of running a factory in New England and only 3 or 4 per cent, when he can get 5 or 6 per cent out of a security which is as good as a government bond?

Mr. WHITMAN. That is exactly the argument that I have made, that the industry is not sufficiently prosperous, anyway. I do not attribute that all to the tariff. It is not sufficiently prosperous because they do not get out of it a profit over and above the value of the money. You have indorsed my idea nicely.

Mr. CLARK. If I knew what your argument was I might possibly indorse it and might not.

Mr. WHITMAN. I try to talk plainly.

Mr. CLARK. You have not succeeded very well. Now, I want to ask another question. How long have you been paying these 8 per cent dividends on this six million of stock?

Mr. WHITMAN. Only a few years.

Mr. CLARK. Now, in any one year when you paid 8 per cent dividends in cash, did you not set aside a million dollars, dividends on stocks, the same year?

Mr. WHITMAN. No, sir; that is part of the six million.

Mr. CLARK. You say a part of the six million?

Mr. WHITMAN. Yes, sir.

Mr. CLARK. Well, then, \$6,000,000 that you have there is clear profit?

Mr. WHITMAN. Oh, no, sir.

Mr. CLARK. You paid in \$4,840,000, and your property is worth \$12,000,000.

Mr. WHITMAN. I say intrinsically it is worth \$12,000,000; I do not know what it could be sold at. You do not count a profit on an article; you have to buy it and sell it in order to know what the profit is.

Mr. CLARK. Oh, that is true when you cipher it down to the ultimate result, but it is not true as a matter of fact.

Mr. WHITMAN. It is particularly—

Mr. CLARK. Wait a moment. If you buy a piece of property for \$75,000, and you know it is worth \$100,000, then you have \$25,000 profit in it, have you not?

Mr. WHITMAN. No, sir.

Mr. CLARK. Well, what have you got?

Mr. WHITMAN. I have not got its worth until I sell it.

Mr. CLARK. Does anybody ever buy anything in this country to keep?

Mr. WHITMAN. Unfortunately they sometimes think they have a margin, and find out when it comes to a sale that they have not got it at all.

Mr. CLARK. I know that a great many people have been fooled in the world; if they had not been they would all be rich. But when

you to come to cipher on the profits, everything that goes in in the nature of cost ought to be counted on one side and the selling price on the other, and one subtracted from the other gives the net profit?

Mr. WHITMAN. Yes, sir.

Mr. CLARK. And the man who does not count the wear and tear on his capital does not know what he is doing when it comes to ordinary arithmetic?

Mr. WHITMAN. That is right, and that is the way it is done.

Mr. CLARK. You have \$6,000,000 of profits in that business, have you not?

Mr. WHITMAN. I should think there had been six millions of profits invested in the property; I think so.

Mr. CLARK. And yet you think these exorbitant rates ought to be kept up so that you can get some more to put in?

Mr. WHITMAN. It is not much in proportion to the magnitude of the business.

Mr. CLARK. What do you think about a fellow paying 190-odd per cent for a blanket? Is that very much of a charge or not?

Mr. WHITMAN. I do not know of anyone who pays it. Have you bought any blankets and paid that?

Mr. CLARK. These men who are writting these government statistics—all of them, give that; of course the Government can not be mistaken. Now, you say there is no trust about this business?

Mr. WHITMAN. I do.

Mr. CLARK. No combination?

Mr. WHITMAN. No, sir.

Mr. CLARK. You are the president of the Arlington Mills?

Mr. WHITMAN. Yes, sir.

Mr. CLARK. Are you the president of the American Wool Company?

Mr. WHITMAN. I am not.

Mr. CLARK. Have you any information on the subject that the American Wool Company absorbed 25 different companies, and that they have an authorized capital stock of \$20,000,000—7 per cent accumulated preferred bonds and forty millions of common stock—do you know anything about that?

Mr. WHITMAN. I know about the American Wool Company.

Mr. CLARK. Are you in it?

Mr. WHITMAN. No, sir.

Mr. CLARK. Do you have any relation to it?

Mr. WHITMAN. I have not.

Mr. CLARK. Did you ever hear of this man Moir?

Mr. WHITMAN. Oh, yes, sir.

Mr. CLARK. Let me read you a sentence from Mr. Moir's letter, and see how it strikes you. This letter is dated Marcellus, N. Y., November 27, 1908:

Recently the writer was invited to attend a meeting in Boston consisting of a committee of the American Association of Wool Manufacturers and of the Worsteds and Woolen Goods Association. Thinking the meeting was for the purpose of ascertaining the views of the textile trade generally, with a view to coming to some common understanding on tariff charges that might be recommended to the Ways and Means Committee of the House, I was glad of the opportunity of being present. Mr. William Whitman—

That is you?

Mr. WHITMAN. That is my name.

president of the national association, was invited to the chair, and, after a few preliminary remarks, stated that about a month before election a committee of his association had met a committee of the Wool Growers' Association at Chicago, the result of this conference being that both associations agreed to stand "pat" on Schedule K of the Dingley bill.

That is true, is it not?

Mr. WHITMAN. That is true.

Mr. CLARK. If there is not an agreement—a gentleman's agreement, at least—what is there?

Mr. WHITMAN. I said it was true.

Mr. CLARK. I know; but you said awhile ago that there was no association or agreement or combination.

Mr. WHITMAN. In the wool manufacture.

Mr. CLARK. Well, this embraces both the wool producers and the wool manufacturers, if this man is to be believed.

Mr. WHITMAN. That is different. When you asked me the question you asked me if there was any combination in the wool manufacture, and I told you no. You are introducing a new subject here.

Mr. CLARK. I know, and I may introduce another one in a minute. The letter proceeds:

This was rather astonishing to me, and I took the opportunity of dissenting very strongly against such a compact being approved of.

Is there any difference between compact and combination?

Mr. WHITMAN. There is no compact.

Mr. CLARK. Well, this man is off then. He continues:

I feel so strongly on this subject that I am taking this method of bringing to the attention of the woolen manufacturers especially and the wool trade generally the great injustice to the woolen industry under the obnoxious method of collecting the duty on wool.

Are these statements true or not? Do you want to answer them?

Mr. WHITMAN. In regard to what?

Mr. CLARK. I say are those statements true or not?

Mr. WHITMAN. He is one man out of the whole lot and wants the duty on wool removed.

Mr. CLARK. What does he want it removed for?

Mr. WHITMAN. I do not know.

Mr. CLARK. I want to ask another question on another subject—

Mr. WHITMAN. I do not hold myself responsible for that man.

Mr. CLARK. I know; and he might not want to hold himself responsible for you.

Mr. WHITMAN. It would seem so from the letter.

Mr. CLARK. Now, I want to ask you a question. How much does a weaver get here in this country a week?

Mr. WHITMAN. They vary from \$8 to \$13.

Mr. CLARK. Would \$9 be an average price?

Mr. WHITMAN. I think \$9 to-day would be rather a low price.

Mr. CLARK. How much would you say would be a fair average price to-day?

Mr. WHITMAN. Well, it varies in each branch of the industry. It is hard to make an average. There are different methods of weaving and different kinds of weaving, which makes it hard to answer a question like that, but I would say on an average a weaver ought to earn \$10 a week.

Mr. CLARK. How much should an English weaver earn?

Mr. WHITMAN. They should earn less than half.

Mr. CLARK. Is it not true that the proportion is \$6 for an English weaver and \$9 for an American weaver?

Mr. WHITMAN. I do not think it is.

Mr. CLARK. Is not this true, also, that the Englishman produces 1,100 yards a week and the American will produce 2,100 a week?

Mr. WHITMAN. With the same machinery?

Mr. CLARK. Off the same machine.

Mr. WHITMAN. That is absolutely false.

Mr. CLARK. That can not be, either.

Mr. WHITMAN. No, sir.

Mr. CLARK. Then the man who wrote this letter did not know what he was talking about?

Mr. WHITMAN. I do not know.

Mr. CLARK. He lives in Boston and therefore ought to know. [Laughter.] I will give you his name. It is W. L. Crossman, and he lives at 67 Dover street, Boston, Mass.

Mr. WHITMAN. I never heard of him.

Mr. CLARK. I want to ask another question——

Mr. WHITMAN. I do not mean to say that he does not exist, but I never heard of the man.

Mr. CLARK. You have been busy making tariff schedules ever since you were a boy?

Mr. WHITMAN. Well, no; not quite so long as that. I am a good deal older man than you think I am.

Mr. CLARK. You must be, surely. You began in 1867, to be definite about it.

Mr. WHITMAN. In manufacture; yes, sir.

Mr. CLARK. I will not ask you how old you are, but is it not true that you feel a sort of paternal interest in these wool schedules?

Mr. WHITMAN. Oh, no, sir.

Mr. CLARK. Now, Mr. Whitman, did you not have more to do directly and through an agent of yours in making the woolen schedules than any other man in America?

Mr. WHITMAN. Which woolen schedule do you mean?

Mr. CLARK. I mean the Dingley schedule and the McKinley schedule.

Mr. WHITMAN. I had very little to do with the Dingley schedule, because I was at home ill. I had a carbuncle on the back of my neck.

Mr. CLARK. You remarked a while ago—or an hour or two ago—that you in former times had been more active about this thing than you are now, did you not?

Mr. WHITMAN. Yes, sir.

Mr. CLARK. The time for your activity in this matter has not really arrived, has it?

Mr. WHITMAN. How is that?

Mr. CLARK. The time for your extraordinary activity in getting up tariff schedules has not arrived in this bill?

Mr. WHITMAN. I am not sure.

Mr. CLARK. I will ask you another question that will elucidate that.

Mr. WHITMAN. Let me answer the question. I do not think that it is quite fair to me to repeat what our friend here, the gentleman on the Ways and Means Committee, said about the industry. I do not feel that I am reaching a senile age.

Mr. CLARK. I did not understand that last statement.

Mr. WHITMAN. This gentleman—I do not happen to know his name—

Mr. CLARK. Judge Griggs, of Georgia, Mr. Whitman.

Mr. WHITMAN. I am very glad to meet you, Mr. Griggs. Mr. Griggs asked me if the wool industry was an infant industry; I told him I did not think it was, and then he remarked, "It has about reached a senile age."

Mr. GRIGGS. No; I used the expression "senile decay."

Mr. WHITMAN. I do not think I have quite got there yet.

Mr. GRIGGS. I did not apply that to you, Mr. Whitman.

Mr. CLARK. I did not have any reference to Judge Griggs or his senile decay or anything of that sort. What I want to know is the place that you get in your work on a tariff bill is not in the House of Representatives and is not before the Ways and Means Committee, but it is over at the Senate end of Congress, is it not?

Mr. WHITMAN. No, sir; I have appeared before both committees and have been asked questions.

Mr. CLARK. Now, let me ask you another question or two—

Mr. WHITMAN. I know what you have before you.

Mr. CLARK. I know what I have before me, too.

Mr. WHITMAN. It is an anonymous paper.

Mr. CLARK. I will give you the fellow's name.

Mr. WHITMAN. I know the man.

Mr. CLARK. Very well. Now, Chairman Payne has helped make four tariff bills; I do not know how many Mr. Dalzell has helped with, and I have been present at the making of a couple. When they got up the so-called "Wilson-Gorman" bill and sent it over to the Senate it was cut and carved beyond recognition. You took a hand in that performance, did you not?

Mr. WHITMAN. I took a hand in the Ways and Means Committee on that bill, and a very prominent position. The chairman was Mr. Wilson, and I do Mr. Wilson and Mr. Breckinridge the credit of saying that I never received more courteous attention nor greater consideration at the hands of any committee in my life than I received at their hands.

Mr. CLARK. They were the very flower of courtesy, those two gentlemen. I want to ask you another question; you never answered that one.

Mr. WHITMAN. Never what?

Mr. CLARK. You never answered the one I asked you—if you had any hand in cutting and carving the Wilson bill when it got to the Senate?

Mr. WHITMAN. I did not do any cutting and carving. As a representative of the industry, I naturally appeared before the committee and made such representations to them as I thought were right and proper.

Mr. CLARK. You had a perfect right to do that.

Mr. WHITMAN. That is what I did.

Mr. CLARK. Did you furnish the knives for the fellows who did the cutting and carving?

Mr. WHITMAN. I never furnished any Member of Congress with anything in my life.

Mr. CLARK. I am not asking you whether or not you bribed anybody. I did not suppose anybody around here could be bribed. I was asking you whether you furnished—I called it “knives”—if you furnished the means by which those men did cut it and carve it? Did you make the suggestions?

Mr. WHITMAN. I do not remember; I undoubtedly made some.

Mr. CLARK. They added six or seven hundred amendments and sent it back to the House. But let us get to the Dingley bill. In the spring of 1897 the House prepared the Dingley bill, and my recollection is that we got through with it in about two weeks when it got into the House. It was sent over to the Senate and it was cut and carved in the Senate, and they sent it back to the House with six or seven or eight hundred amendments attached to it. Did you make these wool schedules in the Dingley bill in the Senate or not?

Mr. WHITMAN. I had nothing to do with it.

Mr. CLARK. Nothing in the world?

Mr. WHITMAN. Practically nothing. I do not think I was in Washington during that season on account of illness.

Mr. CLARK. Did Mr. North have anything to do with it?

Mr. WHITMAN. I think, Mr. North, the secretary of the association, made such representations to the committee as he thought proper. I have no knowledge of what he did do.

Mr. CLARK. Mr. North had been one of your employees, had he not?

Mr. WHITMAN. No; not my employee.

Mr. CLARK. An employee of the Arlington Mills?

Mr. WHITMAN. Never.

Mr. CLARK. An employee of this Wool Growers' Association?

Mr. WHITMAN. He was secretary of the National Association of Wool Growers for several years.

Mr. CLARK. By what kind of a process did he get inside that committee room over in the Senate to stay there all the time while that bill was overhauled in the Senate?

Mr. WHITMAN. I know nothing about that.

Mr. CLARK. You did not induct him in there?

Mr. WHITMAN. I did not.

Mr. CLARK. You had no hand in getting him in there?

Mr. WHITMAN. I had not.

Mr. CLARK. You carried on an elaborate correspondence with him, did you not?

Mr. WHITMAN. I carried on a correspondence, but it was not elaborate.

Mr. CLARK. And he gave you information from day to day as to what the Senate committee was doing?

Mr. WHITMAN. He would not do it.

Mr. CLARK. He pointed you out a person who would give it to you?

Mr. WHITMAN. No; when he was invited to give information he wrote me and asked my consent to go. I want to do Mr. North justice. I said: “I hate to have you go. I am not well; I may not be able to do anything myself,” and he said, “It must be understood

that I will not be at liberty to impart any information that I may secure from that committee," and he has faithfully carried it out.

Mr. CLARK. Do you know how he got in there?

Mr. WHITMAN. No.

Mr. CLARK. You did not have any information?

Mr. WHITMAN. I did not. I know that he was asked to go.

Mr. CLARK. Do you know whether the Government paid him a salary?

Mr. WHITMAN. I do not.

Mr. CLARK. Now, as a matter of fact, after it was all over, did you make him a present of \$5,000 for the services rendered?

Mr. WHITMAN. Not for that service.

Mr. CLARK. For any service?

Mr. WHITMAN. That man had been working for a small salary, and we thought that he was entitled to a larger one, and we gave him \$5,000 to make up for arrears, just as I would do for any faithful servant of mine, or any company with which I am connected. There was nothing to it at all. Those letters that you have got copies of there, the man who is the father of that paper was charged—brought a suit for libel against a certain man in Massachusetts. On the trial I was called in as a witness, and I was cross-examined by Moorefield Storey, and Moorefield Storey got the court to order that I surrender to the court for this man's inspection my entire private correspondence, embracing correspondence with every member that I have relations with, private and public, and those have been stolen and published here and distributed anonymously, one of the meanest, and I characterize it before you—I did not know this was coming up—as one of the meanest, dirtiest tricks that it is possible for a man to do.

Mr. CLARK. I will give you the man's name, and the reporter will take it down. It is Frank P.—

Mr. WHITMAN. Bennett, Frank P. Bennett.

Mr. CLARK. Frank P. Bennett, of the Frank P. Bennett Company (Incorporated), publishers, American Wool and Cotton Reporters, New York, Boston, Philadelphia, Chicago, Washington, London, San Francisco; Boston office, 530 Atlantic avenue.

Mr. FORDNEY. Do you say those letters were stolen?

Mr. WHITMAN. Copies were.

Mr. COCKRAN. They were a published record, I understood you to say, produced in court?

Mr. WHITMAN. My books were, and these were extracted from them.

Mr. COCKRAN. They were stolen; that is, a part of the evidence was stolen?

Mr. WHITMAN. Yes.

A MEMBER. There is more than one Hearst in the country, is there not?

Mr. CLARK. Let us not go into the Hearst case. That is enough to occupy our time for the rest of the winter. You did make Mr. North a present of \$5,000 for the service rendered before that committee?

Mr. WHITMAN. No.

Mr. CLARK. Did you ever make any other of your employees a present of \$5,000 for any services they rendered?

Mr. WHITMAN. We never had but one employee of his kind. For a great many years, up to that time, we had never had but two sec-

retaries. One was North; John L. Hayes, who used to appear before your committees, and then Mr. North.

Mr. CLARK. You did manage to get these schedules the way you wanted them, did you not?

Mr. WHITMAN. They were not framed the way I wanted them.

Mr. CLARK. Did you ever give Hayes a present of \$5,000?

Mr. WHITMAN. Oh, yes.

Mr. CLARK. You made him a present of \$5,000?

Mr. WHITMAN. I do not know the sum, but we have made him presents.

Mr. CLARK. Is the tariff on wool tops higher than it is on woolen yarns, or not?

Mr. WHITMAN. It is.

Mr. CLARK. Were you not the means of getting that fixed up?

Mr. WHITMAN. I was not. It was fixed in the McKinley law.

Mr. CLARK. Do you not think it was an outrage?

Mr. WHITMAN. No.

Mr. CLARK. The first step, as I understand it, in the woolen manufacture, is to take the wool and scour it, is it not?

Mr. WHITMAN. Not the first.

Mr. CLARK. Is that not the first step in manufacturing wool?

Mr. WHITMAN. No.

Mr. CLARK. What is the first step, then?

Mr. WHITMAN. There are so many that I should say the first step was sorting it.

Mr. CLARK. Then what?

Mr. WHITMAN. Then the scouring.

Mr. CLARK. Then the scouring. When you get it scoured, the next step is combing it; that makes the top, does it not?

Mr. WHITMAN. Are you directing your question with reference to tops?

Mr. CLARK. I am directing my question to find out, if possible, how it happens that tops have a higher tariff than yarn.

Mr. WHITMAN. Will you allow me to give you the history of that?

Mr. CLARK. I do not care anything about the history of it, if you will answer my question plainly.

Mr. WHITMAN. I will do it; but may I do it in my own way?

Mr. CLARK. If you want to give the whole process, I do not care, if the chairman does not get you. [Laughter.]

Mr. WHITMAN. It is possible that I may be a little tired myself.

Mr. CLARK. I know; but you came here of your own motion.

Mr. WHITMAN. No; I was invited by the committee.

Mr. CLARK. What I was trying to find out—you can state it briefly or elaborately—spinning is a subsequent performance to getting up these tops, is it not? I do not care what you call it. Tops come before yarn, do they not?

Mr. WHITMAN. Yes.

Mr. CLARK. The yarn is a more thoroughly manufactured article—if you can use that expression—than tops.

The CHAIRMAN. Further advanced.

Mr. CLARK. Further advanced. That is technical. Is that not true?

Mr. WHITMAN. Your question, if I understand it aright, was directed to find out how tops came to be dutiable under that. Now you are doing all the talking.

Mr. CLARK. No; I want you to talk, but I want you to talk straight.

Mr. WHITMAN. I never do anything different, and if you will keep quiet I will try to tell you.

Mr. CLARK. Very well, I will keep quiet if you will tell me what I want to know.

The CHAIRMAN. Let him answer the question.

Mr. WHITMAN. In 1888, before the passage of the McKinley law. Mr. George William Bond, of Boston, conceived the idea of bringing in tops as scoured wool, and he brought a sample lot over and entered them at the custom house, and the customs appraisers thought that they should not be dutiable as scoured wool. I remember that as one of the manufacturers I was called upon to state, in my judgment, under what paragraph in the law at that time tops should be admitted. I wrote a careful statement and claimed that tops could not be regarded as anything else than a manufacture of wool. The Treasury Department, however, did not agree with me and decided that tops were scoured wool, but other than in ordinary condition and therefore subject to double duty. When the McKinley bill was framed, in some way or another that clause, which is somewhat similar to the clause to which you refer, came in. I do not remember how it was done. That was long before I ever had anything to do with starting what is called the making of tops. In 1894 I went to Europe and I conceived the idea of going into this particular business. In 1896, when the Dingley law was under consideration, I was at home, and they simply copied that law from the old law, although, by letter, I had protested against it, and I offer here in this schedule to reduce the duties on tops, although as a matter of fact nearly all the tops made in the United States are consumed by the people who make them. It is a preliminary branch of the industry. In starting this factory my idea was to learn how to manufacture tops out of various kinds of wool at the lowest possible price. You asked a little while ago, one of you gentlemen, what a top was. [Exhibiting several samples.] There is a top which is made out of Tartary wool. This is only a part of it. It goes through a great variety of operations, such as sorting, washing, drying, carding, bill boxing, combing, and back washing, and several other operations; and it requires a very large part of your capital to carry on the industry of spinning yarns.

Mr. CLARK. Did you say that you are willing, or were willing, to have tops put below yarns in this tariff schedule?

Mr. WHITMAN. I should protest against tops being put anywhere that would induce their importation into this country, because they would stand well.

Mr. CLARK. The reason of that is that the Arlington Mills make a very large proportion of all the tops used in America, is it not? [Laughter.]

Mr. WHITMAN. Oh, my dear sir, it is an insignificant amount.

Mr. CLARK. A large part of its business is the making of tops?

Mr. WHITMAN. And selling them?

Mr. CLARK. Yes.

Mr. WHITMAN. Oh, no; we are selling almost nothing.

Mr. CLARK. You make the tops you use?

Mr. WHITMAN. Yes.

Mr. CLARK. And then some?

Mr. WHITMAN. We sell a very few.

Mr. CLARK. Do you not sell a great many?

Mr. WHITMAN. No.

Mr. CLARK. Do you not think, now, as a logician or a mathematician or a manufacturer, that yarns being a more advanced manufacture than tops, the higher tariff ought to be on yarns instead of tops?

Mr. WHITMAN. Well, I do not think so for this reason: That it is utter nonsense to attempt to bring in wool in this condition. Woolen things fluctuate to such a great extent in the business that you have to have some kind of a safeguard, and I would not say it could not be a little less, but what is the good? No one wants to import them.

Mr. CLARK. You do not?

Mr. WHITMAN. No; no one in the business. They want to make them themselves.

Mr. CLARK. I believe that is all.

Mr. GRIGGS. I would like to ask you just one more question. You say you entered the company in 1867. In what capacity did you enter the company?

Mr. WHITMAN. I was made treasurer.

Mr. GRIGGS. Did you at that time own any stock?

Mr. WHITMAN. No.

Mr. GRIGGS. You were a salaried employee?

Mr. WHITMAN. I was a salaried employee.

Mr. GRIGGS. You resigned after six months, or after two years, rather, and stayed away six months?

Mr. WHITMAN. Yes; that is right.

Mr. GRIGGS. And then came back and took charge again in the same capacity?

Mr. WHITMAN. Yes.

Mr. GRIGGS. Are you still treasurer?

Mr. WHITMAN. No; I am president now.

Mr. GRIGGS. You owned none of the stock at that time?

Mr. WHITMAN. I did not.

Mr. GRIGGS. How much do you own of it now? What are your holdings in the Arlington mill?

Mr. WHITMAN. I do not remember, but it is somewhere between seven and eight thousand shares.

Mr. GRIGGS. Seven hundred or eight hundred thousand dollars?

Mr. WHITMAN. Somewhere less than a million.

Mr. GRIGGS. That is at par?

Mr. WHITMAN. No.

Mr. GRIGGS. Is that the sale value?

Mr. WHITMAN. You could not sell it, you know, except in small quantities.

Mr. GRIGGS. You said it was worth \$100—

Mr. WHITMAN. I hate to have all this go before the public; it is my private business.

Mr. GRIGGS. I will not insist on it. I do not mind telling you my purpose.

Mr. WHITMAN. I have no objection to you gentlemen knowing anything, but it is kind of hard to have all this put in print.

Mr. GRIGGS. Because you are afraid it is boasting? It is not boasting.

Mr. WHITMAN. No; but one does not like to have his private business paraded before the public.

Mr. GRIGGS. I shall not do it if you object to it.

Mr. WHITMAN. I do not want to make it in such a form that it would appear that I was unwilling to answer any question.

Mr. GRIGGS. I will tell you what I want to show, and you can answer it or not, as you please. I want to show, if possible, that a man who went into the mill as a treasurer on a salary in 1869, practically, is now at the head of the four large mills, and one of the largest merchants in the United States, made out of that manufacturing under the duties imposed.

Mr. WHITMAN. I was not.

Mr. GRIGGS. You have not made your money out of the business you are engaged in?

Mr. WHITMAN. Not the manufacturing part.

Mr. GRIGGS. You are at the head of four mills, are you not?

Mr. WHITMAN. Yes.

Mr. GRIGGS. You are not at the head of four stores?

Mr. WHITMAN. I am at the head of the selling house.

Mr. GRIGGS. Of the selling house?

Mr. WHITMAN. Yes.

Mr. GRIGGS. That is one business. Do you mean to say you have made all your money out of the store?

Mr. WHITMAN. Not all, but the greater part. It is a sort of a shop; they are offices. We have them in a great many cities in the United States.

Mr. GRIGGS. I understand that. The commercial part is where the money is. Would you mind naming the other large companies of which you are president?

Mr. WHITMAN. They are cotton mills.

Mr. GRIGGS. All cotton mills?

Mr. WHITMAN. Yes.

Mr. GRIGGS. Located in Massachusetts?

Mr. WHITMAN. Yes.

Mr. GRIGGS. What is the capital stock of the three combined?

Mr. WHITMAN. Of the three cotton mills?

Mr. GRIGGS. Yes.

Mr. WHITMAN. Five millions.

Mr. GRIGGS. What is the business worth; what is the property worth?

Mr. WHITMAN. Oh, it is worth more than that.

Mr. GRIGGS. Would you mind telling me how much more?

Mr. WHITMAN. Well, of course, any valuations that I have stated here are all stated upon the basis of the business going prosperously. If it went the other way, you know, they would not be worth as much.

Mr. GRIGGS. It is going prosperously, is it not?

Mr. WHITMAN. Of course, the last year; in the main, the last fiscal year, has been a very bad year, because we have lost a great deal of money.

Mr. GRIGGS. Everybody has had a bad year this year.

Mr. WHITMAN. We have to provide that out of a good year.

Mr. GRIGGS. What is the value?

Mr. WHITMAN. Of the three mills?

Mr. GRIGGS. Yes.

Mr. WHITMAN. I think they are worth, perhaps, \$6,000,000.

Mr. GRIGGS. The three mills?

Mr. WHITMAN. Yes.

Mr. GRIGGS. Does that include stock and everything?

Mr. WHITMAN. Yes; I mean the value of the stock.

Mr. GRIGGS. And the accretions of which I heard you speak this afternoon?

Mr. WHITMAN. Some.

Mr. GRIGGS. How much accretions?

Mr. WHITMAN. That is not very large. I do not think I can answer that.

Mr. GRIGGS. How much capital stock did you put in to start with in these mills?

Mr. WHITMAN. It was all paid in money.

Mr. GRIGGS. Six millions of dollars, and you say it is only worth six millions?

Mr. WHITMAN. Five millions capital stock. If it is worth six, the other million has come from long years of earnings.

Mr. GRIGGS. You say you have not made any money out of these enterprises?

Mr. WHITMAN. I did not say that.

Mr. GRIGGS. How much stock do you own in these three mills.

Mr. WHITMAN. This is cotton mills. I think it is going a little beyond the scope of the inquiry.

Mr. GRIGGS. I shall not insist on it.

Mr. WHITMAN. I do not think I ought to tell my associates' business, you know. I do not own them all. It is practically asking me how much money I am worth, you know, which I do not think you yourself think is quite proper.

Mr. GRIGGS. From your statement you are pretty near a corporation?

Mr. WHITMAN. Me?

Mr. GRIGGS. Yes.

Mr. WHITMAN. Oh, no.

Mr. GRIGGS. I shall not insist on it. I have no further questions.

APPENDIX A.

Imports of manufactures of wool entered for consumption, fiscal years ending June 30, 1898-1907.

Year.	Rate of duty.	Quantity.	Value.	Duty collected.	Average.	
					Value per pound.	Ad valorem rate of duty.
Wool and hair advanced in any manner, or by any process of manufacture, beyond the washed or scoured condition, not specially provided for:						
Valued not over 40 cents per pound—		Pounds.				Per cent.
1898	33 cents per pound	11	\$3	\$5	\$0.273	166.66
1907	33 cents per pound and 50 per cent.	3	1	2	.333	149.00
Valued over 40 cents and not over 70 cents per pound—						
1898	44 cents per pound	782	416	552	.532	132.69
1907	44 cents per pound and 50 per cent.					
Valued over 70 cents per pound—						
1898	44 cents per pound	436	418	422	.959	100.96
1907	44 cents per pound and 50 per cent.	847	963	902	1.130	93.67
Total advanced:						
1898		1,229	837	979	.681	116.96
1907		850	964	904	1.130	93.77
Rags, wastes, shoddy, noils, etc.:						
Rags—						
1898	Free	996,194	48,276		.048	
1898	10 cents per pound.	157,391	26,315	15,789	.167	59.81
1907		151,291	46,454	18,129	.307	32.57
Shoddy—						
1898						
1907		55	14	14	.253	96.21
Mungo—						
1898	15 per cent.	1,801	435	65	.242	15.00
1898	10 cents per pound.	684	36	68	.053	190.00
1907						
Noils—						
1898	Free	364,365	80,634		.221	
1898	Carbonized, 15 per cent.	42,137	9,283	1,892	.220	15.00
1898	20 cents per pound.	72,668	19,325	14,534	.266	75.21
1907		443,611	175,335	88,722	.396	50.60
Garneted and carded wastes—						
1898	15 per cent.	5,698	705	106	.124	15.00
Wastes, burr, slubbing, roving, roping, etc.—						
1898	Free	382,368	131,458		.344	
1898	30 cents per pound.	669	134	201	.290	149.25
1907	do	11,023	5,243	3,027	.475	57.73
Wool extracts, yarn, thread, and all other waste—						
1898	20 cents per pound.	46,306	12,953	9,261	.280	71.50
1907		142,130	61,134	28,426	.430	46.50
Totals, rags, noils, etc.:						
1898	Free	1,742,297	280,868			
1898	Dutiable	1,173,352	361,585	99,846	.306	27.88
1907	do	748,110	288,180	135,598	.385	47.06
Yarns:						
Valued not over 40 cents per pound—						
1898	30 per cent.	72,840	26,223	7,867	.360	30.00
Valued over 40 cents per pound—						
1898	40 per cent.	78,712	40,669	16,268	.552	40.00
Valued at not more than 30 cents per pound—						
1898	27½ cents per pound and 40 per cent.	7,338	1,962	2,803	.267	142.86
1907		82	22	31	.267	143.02

Imports of manufactures of wool entered for consumption, etc.—Continued.

Year.	Rate of duty.	Quantity.	Value.	Duty collected.	Average.	
					Value per pound.	Ad valorem rate of duty.
Yarns—Continued.						
Valued over 30 cents per pound—		<i>Pounds.</i>				<i>Per cent.</i>
1898	38½ cents per pound and 40 per cent.	149,193	\$80,006	\$83,041	\$0.597	\$104.64
1907		164,366	133,916	116,844	.815	87.26
Total yarns:						
1898		303,083	157,858	119,978	.521	76.00
1907		164,438	133,938	116,875	.815	87.26
Blankets:						
Valued not over 30 cents per pound—						
1898	25 per cent.	8	3	1	.375	25.00
Valued over 30 cents and not over 40 cents per pound—						
1898	30 per cent.	8	1		.333	30.00
Valued over 40 cents per pound—						
1898	35 per cent.	404	234	82	.579	35.00
More than 3 yards in length—						
Valued not over 50 cents per pound—						
1898	40 per cent.	18	8	3	.444	40.00
Valued not over 40 cents per pound—						
1898	22 cents per pound and 30 per cent.	3,889	1,115	1,190	.287	106.72
1907		1,116	316	340	.288	107.60
Valued over 40 cents and not over 50 cents per pound—						
1898	33 cents per pound and 35 per cent.	3,847	1,871	1,924	.486	102.86
1907		472	219	232	.464	106.12
Valued over 50 cents per pound—						
1898	33 cents per pound and 40 per cent.	12,565	9,117	7,795	.725	85.50
1907		28,210	29,788	21,205	1.050	71.30
More than 3 yards in length—						
Valued not over 40 cents per pound—						
1898	33 cents per pound and 50 per cent.	808	257	395	.318	153.82
1907		142	41	67	.286	165.42
Valued over 40 cents and not over 70 cents per pound—						
1898	44 cents per pound and 50 per cent.	2,883	1,602	2,069	.556	129.21
1907		5,918	3,668	4,438	.620	120.98
Valued over 70 cents per pound—						
1898	44 cents per pound and 50 per cent.	2,345	2,674	2,502	1.140	93.59
1907		9,264	8,218	8,591	.888	104.56
Total blankets:						
1898		26,774	16,882	15,962	.633	94.56
1907		45,111	42,199	34,873	.985	82.04
Carpets:						
Aubusson, Axminster, moquette, and chenille—		<i>Sq. yds.</i>				
1898	40 per cent	6,526	18,966	7,586	2.910	40.00
1907	60 cents per square yard and 40 per cent.	9,483	24,280	15,402	2.590	63.44
		21,135	48,147	31,940	2.280	66.34
Brussels:						
1898	40 per cent	2,113	2,184	874	1.080	40.00
1907	44 cents per square yard and 40 per cent.	13,072	14,178	11,639	1.130	79.08
		9,281	11,403	8,645	1.230	75.81

Imports of manufactures of wool entered for consumption, etc.—Continued.

Year.	Rate of duty.	Quantity.	Value.	Duty collected.	Average.	
					Value per pound.	Ad valorem rate of duty.
Carpets—Continued.						
Woven whole for rooms, and oriental, Berlin, Aubusson, Axminster, and similar rugs—		<i>Sq. yds.</i>				<i>Per cent.</i>
1898	40 per cent		\$306,436	\$122,574		\$40.00
1907	90 cents persquare yard and 40 per cent. {	271,194 927,457	1,060,404 4,172,077	664,235 2,608,542	\$8.870 4.500	63.84 60.61
Bruggets and bockings, printed, colored, or otherwise—						
1898	30 per cent	108	62	19	.576	30.00
1907	22 cents persquare yard and 40 per cent. {	3,629 10,252	2,320 7,321	1,725 5,184	.639 .714	74.41 70.81
Felt carpetings—						
1898	50 per cent.	36	15	7	.408	50.00
1907		81	102	51	8.290	50.00
Saxony, Wilton, and Tournay velvet—						
1898	40 per cent.	6,240	9,428	3,771	1.510	40.00
1907	60 cents square yard and 40 per cent. {	15,024 31,725	26,230 58,263	19,506 42,840	1.750 1.840	74.37 72.67
Tapestry brussels, printed on the warp or otherwise—						
1898	28 cents square yard and 40 per cent.	165	150	106	.909	70.80
1907		280	900	432	8.170	48.84
Treble ingrain, 3 ply, and all chain Venetian—						
1898	32½ per cent	4,239	2,963	960	.697	34.53
1907	22 cents square yard and 40 per cent. {	8,561 23,120	5,962 19,086	4,268 12,701	.695 .823	71.59 66.72
Velvet and tapestry velvet, printed on the warp or otherwise—						
1898	40 per cent.	3,680	5,016	2,006	1.860	40.00
1907	40 cents square yard and 40 per cent. {	17,669 23,285	25,618 49,383	17,315 29,067	1.450 2.120	67.59 58.86
Wool, Dutch, and 2-ply ingrain—						
1898	30 per cent.	2,308	1,380	414	.599	30.00
1907	18 cents square yard and 40 per cent. {	11,860 1,784	6,788 1,719	4,850 1,009	.572 .996	71.46 58.63
Mats, rugs for floors, screens, covers, bed sides, hassocks, art squares, etc., not specially provided for—						
1898	40 per cent.	7,641	26,817	10,727	8.510	40.00
1907	50 per cent.	166 63	296 124	199 62	2.480 1.970	50.00 50.00
Of wool, or in part of, not specially provided for—						
1898	30 per cent.	531	712	214	1.340	30.00
1907	50 per cent.	13,831 27,822	15,139 51,690	7,569 25,845	1.090 1.860	50.00 50.00
Total carpet and carpetings:						
1898		398,071	1,545,975	895,968	3.890	57.97
1907		1,076,241	4,420,145	2,660,817	4.110	60.20
Cloths:						
Valued not over 50 cents per pound—		<i>Pounds.</i>				
1898	40 per cent.	1,087,108	860,526	144,210	.348	40.00
Valued at more than 50 cents per pound—						
1898	50 per cent.	1,352,526	1,917,731	508,986	.752	50.00

Imports of manufactures of wool entered for consumption, etc.—Continued.

Year.	Rate of duty.	Quantity.	Value.	Duty collected.	Average.	
					Value per pound.	Ad valorem rate of duty.
Cloths—Continued.						
Valued not more than 40 cents per pound—		<i>Pounds.</i>				<i>Per cent.</i>
1896	33 cents per pound and 50 per cent.	22,885	\$3,502	\$11,802	\$0.371	138.83
1907		71,308	27,693	37,378	.388	134.97
Valued over 40 and not over 70 cents per pound—						
1896	44 cents per pound and 50 per cent.	428,173	253,608	315,197	.592	124.29
1907		295,767	188,918	224,596	.689	118.89
Valued over 70 cents per pound—						
1896	44 cents per pound and 55 per cent.	1,710,539	1,863,340	1,777,474	1.090	95.39
1907		4,799,022	5,369,491	5,064,789	1.120	94.32
Total cloths:						
1896		4,551,234	3,503,700	2,757,548	.770	78.70
1907		5,166,097	5,586,102	5,326,764	1.080	98.36
Dress goods, women's and children's coat linings, Italian cloths, etc.:						
Under law of 1894—						
Valued not over 50 cents per pound—						
1896	40 per cent.	306,285	133,699	53,479	.424	40.00
Valued over 50 cents—						
1896	50 per cent.	1,397,739	1,078,469	589,235	.772	50.00
Cotton warps—						
Valued not over 15 cents per square yard and not over 70 cents per pound—		<i>Sq. yds.</i>				
1896	7 cents per square yard and 50 per cent.	3,319,559	473,853	504,296	.124	106.42
1907		11,128,071	1,392,914	1,475,422	.125	105.92
Valued over 15 cents per square yard and above 70 cents per square yard—						
1896	7 cents per square yard and 55 per cent.	205,142	29,276	30,462	.143	104.05
1907		1,016,360	138,489	147,314	.136	106.37
Valued above 15 cents per square yard and not above 70 cents per pound—						
1896	8 cents per square yard and 50 per cent.	368,258	60,843	59,482	.167	97.76
1907		194,086	33,131	32,098	.171	96.87
Valued above 15 cents per square yard and above 70 cents per pound—						
1896	8 cents per square yard and 55 per cent.	1,310,490	280,421	250,070	.214	92.39
1907		6,721,267	1,373,974	1,293,387	.204	94.18
Weighing over 4 ounces per square yard—						
Valued not more than 40 cents per pound—		<i>Pounds.</i>				
1896	33 cents per pound and 50 per cent.	269	105	141	.380	134.54
1907						
Valued over 40 and not over 70 cents per pound—						
1896	44 cents per pound and 50 per cent.	11,202	4,054	8,959	.719	111.20
1907		380	255	295	.672	115.58

Imports of manufactures of wool entered for consumption, etc.—Continued.

Year.	Rate of duty.	Quantity.	Value.	Duty collected.	Average.	
					Value per pound.	Ad valorem rate of duty.
Dress goods, women's and children's coat linings, Italian cloths, etc.—Cont'd. Under law of 1894—Cont'd. Weighing over 4 ounces per square yard—Continued. Valued over 70 cents per pound— 1898.....	44 cents per pound and 55 per cent.	Pounds. 51 859	\$57,372	\$54,152	\$1.120	Per cent. 94.39
1907.....		9,709	11,358	10,519	1.170	92.61
Total cotton-warp dress goods, linings, etc., square yards and pounds— 1898.....			2,122,092	1,509,276		71.12
1907.....			2,950,121	2,959,080		100.30
All wool, composed wholly or in part of wool— Valued not above 70 cents per pound— 1898.....	11 cents square yard and 55 per cent.	1,073,708	173,321	204,768	.161	118.14
1907.....		82,299	6,556	6,831	.208	104.19
Valued above 70 cents per pound— 1898.....	11 cents square yard and 55 per cent.	4,878,827	1,151,877	1,169,928	.236	101.61
1907.....		18,124,900	4,109,310	4,258,880	.227	108.52
Weighing over 4 ounces per square yard— Valued not more than 40 cents per pound— 1898.....	38 cents per pound and 55 per cent.	4,728	1,420	2,269	.301	159.76
1907.....		1	2	1	1.600	70.50
Valued more than 40 cents and not over 70 cents per pound— 1898.....	44 cents per pound and 55 per cent.	762,201	478,589	574,688	.628	120.08
1907.....		252,543	162,760	192,499	.644	118.27
Valued more than 70 cents per pound— 1898.....	44 cents per pound and 55 per cent.	1,909,220	1,871,465	1,869,862	.980	99.89
1907.....		2,381,027	2,297,822	2,311,454	9.65	100.59
Total "all-wool" dress goods— 1898.....			3,676,121	3,820,962		108.91
1907.....			6,576,452	6,764,645		102.46
Total dress goods, linings, etc.— 1898.....			5,798,213	5,880,238		91.83
1907.....			9,528,573	9,723,675		102.07
Felts: For printing machines— Valued at more than 40 cents per pound— 1898.....	35 per cent.....	18,764	8,215	2,875	.597	85.00
Not specially provided for— Valued less than \$1.50 per pound— 1898.....	45 per cent.....	3,680	3,929	1,768	1.080	45.00
Valued over \$1.50 per pound— 1898.....	50 per cent.....	138	245	123	1.780	50.00

Imports of manufactures of wool entered for consumption, etc.—Continued.

Year.	Rate of duty.	Quantity.	Value.	Duty collected.	Average.	
					Value per pound.	Ad valorem rate of duty.
Felts.—Continued.						
Felts not woven—		<i>Pounds.</i>				<i>Per cent.</i>
1898	44 cents per pound and 60 per cent.	29,066	\$36,762	\$34,841	\$1.280	94.83
Total 1898 (sundry)		46,588	49,151	39,607	1.060	90.58
1907	44 cents per pound and 60 per cent.	91,118	111,406	106,935	1.220	95.98
Flannels:						
Flannels for underwear—						
Valued not over 30 cents per pound—						
1898	25 per cent.	120	38	8	.276	25.00
Valued over 40 cents per pound—						
1898	35 per cent.	18,187	8,070	2,825	.444	35.00
Valued not more than 40 cents per pound—						
1898	22 cents per pound and 30 per cent.	323	90	98	.279	108.96
1907		124	24	34	.194	141.67
Valued over 40 cents and not over 50 cents per pound—						
1898	33 cents per pound and 35 per cent.	289	112	118	.469	105.42
1907		257	128	180	.489	101.26
Valued more than 50 cents and not more than 70 cents per pound—						
1898	11 cents per square and 50 per cent.	<i>Sq. yds.</i> 483	296	202	.618	67.79
1907		560	111	117	.198	105.49
Valued over 70 cents per pound—						
1898	11 cents per square and 55 per cent.	2,247	499	522	.222	104.61
1907		17,234	6,089	5,217	.350	86.39
Weighting over 4 ounces per square yard—						
Valued over 50 cents per pound—						
1898	50 per cent.	5,158	3,979	1,990	.722	50.00
Valued over 50 cents and not over 70 cents per pound—						
1898	44 cents per pound and 50 per cent.	<i>Pounds.</i> 1,009	555	722	.550	129.99
1907		7,506	4,356	5,481	.580	125.80
Valued over 70 cents per pound—						
1898	44 cents per pound and 55 per cent.	13,586	14,737	14,084	1.080	95.57
1907		58,475	49,890	53,169	.853	106.57
Total flannels (pounds and square yards):						
1898			28,373	20,567		72.46
1907			84,156	60,548		105.94
Knit fabrics, and all fabrics made on knitting machines, etc. (not wearing apparel):						
Valued at not more than 40 cents per pound—						
1898	35 per cent.	114,579	37,437	13,108	.327	35.0
1898	33 cents per pound and 50 per cent.					
1907		3	1	1	.364	141.00
Valued more than 40 cents per pound—						
1898	40 per cent.	1,900	1,062	413	.543	40.00

Imports of manufactures of wool entered for consumption, etc.—Continued.

Year.	Rate of duty.	Quantity.	Value.	Duty collected.	Average.	
					Value per pound.	Ad valorem rate of duty.
Knit fabrics, and all fabrics made on knitting machines, etc. (not wearing apparel)—Continued.						
Over 40 and not over 70 cents per pound—		<i>Pounds.</i>				<i>Per cent.</i>
1898	44 cents per pound and 50 per cent.	714	\$396	\$512	\$0.568	129.52
1907		846	589	642	.637	119.96
Valued above 70 cents per pound—						
1898	44 cents per pound and 55 per cent.	2,844	2,842	2,814	.909	99.08
1907		8,939	9,677	9,265	1.070	95.67
Total knit fabrics (not wearing apparel):						
1898		120,087	41,706	16,841	.347	40.38
1907		9,788	10,216	9,898	1.040	95.89
Plushes and other pile fabrics:						
Valued over 50 cents per pound—						
1898	50 per cent.	5,410	5,085	2,518	.981	50.00
Valued at not over 40 cents per pound—						
1898	33 cents per pound and 50 per cent.	856	89	163	.249	182.74
1907		89	32	45	.259	141.75
Valued over 40 and not over 70 cents per pound—						
1898	44 cents per pound and 50 per cent.	1,118	681	830	.611	121.91
1907		2,108	1,434	1,642	.682	114.32
Valued over 70 cents per pound—						
1898	44 cents per pound and 55 per cent.	6,443	7,681	7,080	1.190	91.91
1907		16,574	18,083	17,237	1.090	95.38
Total plushes:						
1898		13,324	13,486	10,560	1.010	78.38
1907		18,766	19,549	18,926	1.040	95.81
Clothing, ready-made, and articles of wearing apparel, wholly or partly manufactured:						
Cloaks, dolmans, etc.—						
1898	50 per cent.		11,958	5,979		50.00
1898	44 cents per pound and 60 per cent.	13,836	55,036	39,108	3.980	71.06
1907		65,491	141,741	113,861	2.160	80.32
Hats of wool—						
Valued not more than 30 cents per pound—						
1898	25 per cent.	580	161	40	.304	25.00
Valued more than 40 cents per pound—						
1898	35 per cent.	3,879	2,795	968	.713	35.00
1898	44 cents per pound and 60 per cent.	1,205	4,084	2,979	3.390	72.94
1907		9,617	15,900	13,771	1.650	85.65
Knit wearing apparel—						
1898	50 per cent.		126,389	63,194		50.00
Knitted articles—						
1898	44 cents per pound and 60 per cent.	195,391	252,482	255,464	1.459	93.45
1907		451,380	617,270	568,989	1.370	92.17
Shawls, woollen or worsted—						
Valued at not over 40 cents per pound—						
1898	35 per cent.	1,286	418	146	.338	35.00
Valued over 40 cents per pound—						
1898	40 per cent.	10,478	9,631	3,852	.919	60.00
Knitted or woven—						
1898	44 cents per pound and 60 per cent.	25,955	28,922	23,769	1.110	90.47
1907		47,824	61,284	57,813	1.290	92.79

Imports of manufactures of wool entered for consumption, etc.—Continued.

Year.	Rate of duty.	Quantity.	Value.	Duty collected.	Average.	
					Value per pound.	Ad valorem rate of duty.
Clothing, ready-made, and articles of wearing apparel, wholly or partly, manufactured—Continued.						
Other clothing, ready-made articles of wearing apparel, etc.:						
Valued less than \$1.50 per pound—						
1898	45 per cent.	<i>Pounds.</i> 6,749	\$6,001	\$2,700	\$0.889	<i>Per cent.</i> 45.00
Valued more than \$1.50 per pound—						
1898	50 per cent.	4,244	13,103	6,554	3.090	50.00
1898	44 cents per pound and 60 per cent.	169,235	568,409	415,507	3.360	73.10
1907	do	383,312	1,016,369	778,458	2.650	76.59
Total wearing apparel:						
1898		(a)	1,109,366	825,261		74.89
1907		957,622	1,852,564	1,582,872	1.980	82.74
Webbings, gorings, suspenders, etc.:						
1898	50 per cent.		33,635	19,318		50.00
1898	50 cents per pound and 60 per cent.	83,506	197,974	160,587	2.370	81.09
1907		5,219	12,527	10,125	2.400	80.88
All other manufactures of wool—						
Valued not over 50 cents per pound—						
1898	40 per cent.	28,712	9,206	3,682	.321	40.00
Valued over 50 cents per pound—						
1898	50 per cent.	28,562	26,921	13,461	.943	50.00
1898	33 cents per pound and 50 per cent.	21,491	7,472	10,828	.348	144.91
1907		31,133	11,345	15,946	.364	140.55
Valued more than 40 and not more than 70 cents per pound—						
1898	44 cents per pound and 50 per cent.	85,643	51,784	63,575	.605	122.77
1907	do	37,999	21,388	27,400	.563	128.11
Valued more than 70 cents per pound—						
1898	44 cents per pound and 55 per cent.	208,320	281,586	246,533	1.350	87.55
1907	do	144,347	259,564	206,268	1.800	79.47
Total manufactures of wool:						
1898	Free		260,308			
1898	Dutiable		13,239,873	10,650,324		71.12
1898	Free and dutiable		13,500,241	10,650,324		
1907			22,357,206	19,992,026		89.42

* Under the law of 1894 ad valorem duties only were assessed and quantities were not reported.

APPENDIX B.

WHAT ARE THE PROTECTED INDUSTRIES?

It is proclaimed by those to whom the coming revision of the tariff means a sharp reduction all along the line and a far step toward free trade, that this revision, unlike its predecessor of 1897, will be undertaken in the especial interest of the "millions of consumers" among the American people, and not at all in the interest of the so-called

"protected industries." Such remarks as these are now flying thick and fast in the antiprotection press; they are on the tongues of those public men who in season and out of season have been demanding the overthrow of the whole protective system. This hasty differentiation of the 80,000,000 inhabitants of continental America into those who are consumers and are many, and those who are producers in protected callings and are alleged to be relatively few, suggests and justifies a little sober inquiry into what is really signified by the two contrasted terms.

First, as to "consumers;" are we not, all 80,000,000 of us, consumers in varying character or degree? We all require and consume food; we require and wear clothing; we are all dependent on the output of the productive industries for our very life from day to day—for our sustenance and shelter. Speaking broadly, there is no consuming class in the United States as distinguishable from any other class, because the consuming class is the entire nation.

But who, then, are the producers? Why, in modern America, almost everybody of adult age. It is true that they are employed in different kinds of productive energy, and that the product of many is not actual material or merchandise but service. Yet in the essential significance of the word, almost all are producers, or active contributors to the comfort and progress of humanity. There are and have been relatively few drones in our industrial democracy, and they do not increase in normal years—only in years of depression. This little anecdote is not new, but apposite: "In America you have no leisure class," triumphantly declared the European, arguing for the social superiority of the Old World over the New. "Ah, but we have," the quick-witted American girl replied. "We have a leisure class; we call them 'tramps.'" Here certainly is our largest and our only well-distinguished class of consumers who are not also in some sense producers.

How workers are classified.

The federal enumeration of the American people in 1900 stated thus the occupations of all those over 10 years of age engaged in the great national industries:

Agriculture	10, 381, 765
Professional service.....	1, 258, 538
Domestic and personal service.....	5, 580, 657
Trade and transportation.....	4, 766, 904
Manufacturing and mechanical pursuits.....	7, 085, 309

All of the 10,381,765 persons engaged in agriculture are certainly producers in the most obvious sense of the word; so are the 7,085,309 engaged in manufacturing and mechanical pursuits—and these two great divisions together represent more than three-fifths of the entire grand army of American workers. But who shall say that the 29,524 architects, designers, and draftsmen, the 50,717 electricians, and the 43,239 engineers classified as engaged in professional service are not as genuinely producers as those engaged in manufacturing, or the 2,629,262 persons classified as laborers and the 1,560,721 classified as servants and waiters in domestic and personal service? The more closely one studies the details of this census enumeration the more manifest it becomes that it is folly and worse to attempt to draw a hard-and-fast line through the nation, and arbitrarily split up the

whole American race into consumers and producers, separate in character and antagonistic in interest. Every man and every woman toiling with hand or brain for daily bread, for low wage or high wage, is a producer, a distinct unit in the gigantic industrial machinery that is rolling up our unparalleled material wealth.

A scheme to divide and conquer.

It has long been a favorite expedient of those who sought to destroy the protective system to urge that a very great majority of even those workers employed in productive industries were engaged in nonprotected industries, and to follow this up with the further assertion that the wages in the nonprotected industries were very much higher than in the protected industries—and, ergo, that protection did not increase wages at all. The carpenter, the plumber, the stonemason, the painter, the plasterer, the skilled men of the building trades especially, with their wages of three or four dollars a day, have been cited by antiprotectionist writers and speakers in exultant contrast with the operatives in textile mills earning from one to two dollars. The railroad engineer or conductor, the clerk in counting-room or bank have also been heralded as proof of the fortunate condition of the men of the nonprotected industries as compared with the wage-earners of those industries shielded by the schedules of the tariff.

This specious reasoning was conspicuous in the national campaign of 1892, when for the first time in more than thirty years the protective policy, well named the "American system," was overthrown by a popular vote, giving its adversaries not only the Presidency, but the control of both branches of Congress. Doubtless no single factor contributed more decisively to that result than the belief which iteration and reiteration had finally—but only for a time—established, that the interests of the majority of the people, as consumers, were antagonistic to the interests of the employees of the so-called protected industries—the direct beneficiaries, as they were described, of "tariff spoliation." This delusion was the costly fruit of a superficial, not to say essentially dishonest, argument. Yet, short lived as this delusion proved, there are now signs of a determined effort to revive it.

What are protected and unprotected industries?

Once more emphasis is being adroitly laid on the antagonistic interests of the so-called unprotected, and the protected, industries. The carpenter, the plumber, the mason, the painter, the bank clerk, the salesman, the bookkeeper, the railroad trainman, are being urged to believe that, though themselves unprotected, they are burdened with the weight of tariff protection to the workers in the iron and steel mills, the textile mills, and like establishments. This is, in effect, a shrewd appeal to both personal selfishness and class selfishness, but it appears to be justified in the eyes of those who employ it by the fact that it succeeded once and the hope that it may succeed again through dint of unchallenged iteration and reiteration.

Yet of all economic sophistries this is the most hollow and grotesque when exposed to sober and exact analysis. Every one of these so-called unprotected industries is as a matter of fact an absolutely

protected industry—protected not, indeed, by tariffs, but by the sheer conditions of its existence against competition from abroad. Take the carpenter, the mason, the plumber, the painter. They are absolutely protected, geographically protected, by the fact that their craft of building has to be exercised in this country, and that the finished product of their skill and energy, be it wooden cottage or lordly hotel or lofty warehouse, can not be imported from abroad, while our contract labor and immigration laws and the rigid precautions of their trades unions guard them against an excessive influx of cheap wage-workers from Europe or Asia to compete with them man against man. There is no tariff protection for the building trades because the building trades do not require it. They are far more completely and effectively protected by nature than they could possibly be by federal statutes—absolutely protected by the fact that a finished structure with its foundations, its pipe and wire connections, its walls, floors, doors, windows, roof, cornices, and chimneys can not be brought across thousands of miles of tossing ocean in the hold or on the decks of a ship, and laid down here to challenge their wage scale and force down the earnings of their industry. The workers in these miscalled “unprotected” but actually and absolutely protected callings are themselves as secure against foreign competition as are the dwellers in the Mississippi Valley against the fire of hostile armor clad from either the Atlantic or Pacific Ocean.

The newspaper an absolutely protected industry.

The building trades are only one example of the geographically protected and therefore the absolutely protected industries of America. The newspapers are another conspicuous case—the newspapers, so many of which fill their editorial columns week after week with sneers at those industries that are “sustained” by the “favor” of the Government. A daily newspaper is like a house—it can not be imported complete. It must be manufactured—that is, edited, set up in type, and printed—here in this country, or it would not be a newspaper. Editors, reporters, compositors, stereotypers, and pressmen are all workers in a geographically protected, an absolutely protected, industry, and of all American workers they have the least right and title to resist an effort to bestow by legislation upon fellow-workers a moderate degree of that protection which in full and absolute measure geography has imperatively reserved to them.

This same absolute protection shields the blacksmith at his wayside forge, the lawyer in his office, the clerk in the countingroom, the civil engineer, the mechanical engineer, the electrician, the physician. This absolute protection covers all of the host of men engaged in America in the vast, complex machinery of domestic distribution. Every one of the 582,150 employees on the 194,262 miles of railroad in the United States is as completely protected against the cheaply paid railroad men of Europe as if European railroads did not exist. He is protected by the hard, practical fact that every ton of freight or every passenger moving from Boston to St. Louis or from Chicago to Oklahoma must move over the line of an American railroad, and from the very nature of the service this service of transportation in distribution can be performed by no other workers than those living within the boundaries of the United States.

The same principle holds true as to transportation by water between one American port and another on river, lake, and ocean—save that here the very possibility of competition from foreign ships and foreign seamen has been vetoed by a navigation law almost as old as the Republic. Of all Americans engaged in transportation the only men protected neither by geography nor by legislation are the owners and sailors of ships carrying over seas—and it is a profoundly significant fact that this solitary example of an American industry that is actually unprotected has been virtually destroyed.

Bankers an absolutely protected class.

Still another important American industry which, like the building trades, the newspapers, and domestic transportation, has thus far been protected in the very nature of things, is the banking business. The everyday transactions of the banks, the trust companies, etc., must be conducted in the cities and towns where their patrons dwell, and this is a service which, as a rule, can not possibly be performed by the banking and trust institutions of Europe, operating on a lower wage scale and possessing advantages over the banking and trust institutions of the United States substantially equivalent to the advantages enjoyed by European manufacturers as against American manufacturers.

Within a few months it has been reported that the bankers of Berlin were offering to make a regular practice of handling the discounts of certain great American corporations of world-wide fame. If this proposition were to be accepted, and this business transferred from the banks of Boston, New York, and Philadelphia—and doubtless because of the smaller salaries and expenses of Berlin the service could be performed more cheaply there than here—the bankers' calling in America would cease to be an absolutely, and become only a partially, protected industry. The income of our banks would be reduced through the consequent lessening of the volume of their transactions. Their profits would fall, they would have less use for their clerks and other employees, and less money to pay them, and there would inevitably have to be a reduction of salaries all around or a reduction of the working force—in other words, the banks would be affected precisely as American factories are when a cutting down of the tariff enables foreign factories, through a lower wage scale, to divert the patronage of profitable customers.

Merchants are also absolutely protected.

Far more numerous than the banking and trust companies of the country are the mercantile establishments, wholesale and retail, the stores and shops, great and small, through which the diversified products of our own industries and our imports from abroad are distributed to the millions of individual purchasers. The merchants who own and conduct these establishments and their bookkeepers, clerks, salespeople, and employees of every kind are also engaged in a geographically protected, and therefore an absolutely protected industry. Their business of distribution, of handling goods, and finally disposing of them to customers, is another great activity which must

in the very nature of things be conducted here, and can not possibly be usurped by the more cheaply paid distributing machinery of Europe.

Direct foreign competition is something from which the hundreds of thousands of these mercantile distributors of America are happily and completely free. The profits of the merchants, the wages, and the standards of living of their employees are not immediately affected by this competition in the slightest degree; they never need to take it into their calculations. These merchants and their employees are fortunate, indeed, in being thus absolutely shielded by nature and by force of circumstance against the fierce pressure which forever besets the manufacturers and their employees in the partially protected industries of the United States. It is a strange, cynical selfishness which moves the successful banker or the wealthy merchant, secure behind his barriers of absolute protection, to begrudge the manufacturer even the partial protection of the tariff—a selfishness instinctively recalling the words of the parable—"For unto every one that hath shall be given, and he shall have abundance; but from him that hath not shall be taken away even that which he hath."

Partially or legislatively protected industries.

From this survey of the geographically, or absolutely, protected industries of the United States, which by a strange contradiction have been miscalled unprotected industries, let us turn to the other class—to the industries miscalled protected, but which are only partially protected, not by the imperative conditions of nature or geography, but by the imperfect expedient of legislation. These are the industries the service or product of which can be performed or created in Europe or in some other continent, and transferred to this country for consumption or use. A block of dwellings or a church or a schoolhouse or a department store can not be bodily imported. It must be constructed—or manufactured—here, by American workmen on an American wage scale in an American environment. Hence this industry, as has been shown, is absolutely protected, as is also the other and still greater industry of domestic transportation and commercial distribution.

A complete factory can not be bodily imported. The structure must be built in the United States. The very building of it here at the American wage rate is an expensive process, but a necessary preparation on the part of the manufacturer. The absolutely protected American carpenter, mason, painter, plumber, structural steel-worker, all labor fewer hours than foreign workmen do, and receive wages double or triple those paid abroad to workmen of like trades engaged in the construction of a similar foreign factory. As a result, by way of example, a new cotton mill in Massachusetts is found when completed to have cost \$22 per spindle capacity, as compared with \$8 per spindle for a cotton mill constructed at about the same time in Great Britain.

Yet this American cotton mill, a product, so far as its structure is concerned, of the absolutely protected building trades, must compete in actual service with the British mill constructed at far lower cost and operated at a far lower range of wages. Geography affords almost no protection to the American cotton manufacturer and his

operatives, for the steamship has virtually bridged the Atlantic Ocean so far as the transportation of a compact commodity of relatively high value like cotton fabrics is concerned. The actual freight charge on a case of cotton cloth costing \$145 is only \$5 from Liverpool to Boston.

Factors in final cost.

The product of this European cotton mill, so easily and cheaply brought here, lies side by side with the product of the American mill on the shelves or counters of American stores, and comes into immediate, direct competition with the output of American industry. Into the cost of production of the American goods have entered not only the higher wages of the American operatives who have produced them, but the higher fixed charges based upon the larger amount of capital required to construct the mill because of the higher wages of the workmen of the building trades, who are absolutely protected by geography, while the operatives themselves are only partially protected by tariff legislation.

Moreover, into the cost of the American fabrics before they are sold there enters the cost of distribution, often burdensome and excessive. The public, if it is displeased with the price of a given commodity and regards it as unreasonably high, is wont to complain of the manufacturer—and the public is habitually encouraged to do this by the partisans of free trade. Yet the manufacturer, after all, has only imperfect control over the original cost of production, and no control at all over the cost of distribution, and is often forced by this cost of distribution to receive no more than 30 cents for an article that is sold finally at retail for 50 cents—or, in other words, the manufacturer is responsible for not more than three-fifths of the ultimate cost, including the cost of materials and labor charges in the manufacturing processes and, therefore, has good reason for belief that his services and the services of his employees are very much less adequately compensated than the service of the distributor.

The tariff but partial protection.

A cotton mill has been taken as a specific illustration of the partially, or legislatively, protected industry, but a woollen or worsted mill would serve equally well, or a glass factory, or pottery works, or a silk mill, or paper mill, or cutlery establishment—any industry whose product can be displaced in the domestic market by the product of a like industry imported from some foreign nation. The absolutely protected industries, already described, of which the building trades are a good example, need no legislative protection in the form of a tariff and are given none. But the national law-making power does endeavor to remedy the disadvantage at which the unprotected industries—the industries not protected by geography or nature—stand by requiring the producers of similar and competing foreign merchandise to pay in the form of customs duty for the privilege of entering the domestic market a sufficient tax to equalize conditions as between the high-wage American and the low-wage foreign producer, and to give the American approximately an even chance in competition. This is the general aim and effect of the protective sys-

tem, but this aim in practice is only imperfectly attained—and this is what is meant by describing these legislatively protected industries as only partially protected.

For only seldom does the tariff give absolute protection up to the point of prohibition, of complete exclusion of the competing foreign merchandise. It is true that a great deal is heard of the "Chinese wall," "prohibitory," "confiscatory" tariff from foreign manufacturers and their agents and others who hate and would destroy the entire protective system, but these words are merely figures of speech. Neither the present nor any other tariff we have ever had has been of a "prohibitory" character. The existing Dingley law is often and inaccurately described as "the highest tariff we have ever had"—as a second "tariff of abominations." As a matter of fact, so imperfect, so partial is the protection which this same Dingley tariff gives to many articles in many industries that our total imports, and our imports of dutiable, competing merchandise, have been very heavy in the recent years of prosperity, and, indeed, have attained in 1906 and 1907 to record-breaking proportions.

Not a "prohibitory" barrier.

Here are the records of increased importations between 1900 and 1907 in several important partially protected industries:

	1900.	1907.
Glass and glassware.....	\$5,037,931	\$7,596,631
Cotton manufactures.....	41,296,239	73,704,636
China, decorated.....	7,176,659	11,885,690
Iron and steel.....	10,270,204	29,972,625
Leather manufactures.....	6,773,024	12,322,248
Metals and composition.....	4,791,493	10,325,446
Paper.....	3,796,645	10,727,895
Silk manufactures.....	30,894,373	38,658,251
Wool manufactures.....	16,164,446	22,321,460

Our total dutiable imports have increased from \$482,704,318 in 1900 to \$790,391,664 in 1907. This, it should be remembered, is the foreign value of these articles. Add the total duties collected on them, or \$329,480,048 in 1907, and we have the huge aggregate of \$1,119,871,712 as the value in this market of the imported dutiable merchandise of 1907, exclusive of ocean freights and other costs of importation. Manifestly, the tariff under which this huge and swelling volume of competing foreign merchandise has come in is not a "prohibitory" tariff, and the protection it gives is only partial and imperfect. Nor is it a "Chinese wall" which cheap-wage foreign merchandise so easily and increasingly overtops. It is thoroughly exact, therefore, to describe the tariff-protected industries of this country as partially protected, in contrast with the geographically or absolutely protected industries.

The fatal error of 1894.

No statistician can fix with precision the number or proportion of American producers or workers who are exposed to external competition and are directly, though only partially, protected by our tariff

laws. But it is certain that these partially protected workers comprise a very large division of our entire industrial army—so large a division that their prosperity and the continuance of their wages and employment are vital to the welfare of the whole United States. When President Cleveland, through his celebrated tariff-reform message, to quote Senator Vest, “challenged the protected industries of the country to a fight of extermination,” the chiefs of the anti-protection propaganda affected to believe that these tariff-protected industries, with all their capital and workmen, were a negligible quantity in American production, and that they could be destroyed not only not to the disadvantage, but to the positive advantage of American trade and industry in general.

This was a fatal miscalculation, as these antiprotection leaders realized when they saw their party organization in every Northern and Western State blasted as if by lightning in the congressional election of 1894. That overwhelming defeat on the single issue of free trade was even more widespread and disastrous than the defeat which Mr. Bryan suffered on the issue of free silver coinage two years afterwards.

For the foes of the protective policy had forgotten one of the greatest of all economic truths—the close interdependence of a nation's industries. No one industry can live by and for itself. If one interest prospers, its good fortune surely, though indirectly, quickens other interests. If one is hurt, the others are injured. When that “fight of extermination” on “the protected industries of the country” won full sway, those partially protected, tariff-protected industries which were the target of assault inevitably dragged the absolutely protected industries down into a common ruin.

Adversity strikes all alike.

Those bankers and merchants who had been demanding a reduction of the duties and had contributed to the victory of “tariff reform” in 1892, immediately found themselves the unfortunate victims of their own unconscionable selfishness and folly. The number of commercial failures in the United States rose to the unheard-of figure of 15,242 in 1893, and for this and the three succeeding years stood at by far the highest average ever known in American history. Nor were they only manufacturers who succumbed; banks and stores were overwhelmed in the common disaster. The liabilities of the commercial failures of 1893 amounted to \$346,779,839, or \$5.23 per capita of our entire population.

For several years many of the bankers and merchants of the country, believing themselves absolutely protected, and therefore immune from harm, had been urging a reduction of the tariff that partially protected manufacturing. These bankers and merchants had been able more and more to command the cooperation of the newspapers of the country in a general onslaught on the protective system. The great majority of all American men of business doubtless are and always have been firm adherents of the protective tariff principle. But it has so happened that very many, if not most, of those business men who, as large and constant advertisers, come into closest contact with the daily newspapers of the cities are to a considerable extent importers or sellers of foreign goods. These foreign goods as a rule

bring higher prices than domestic goods of the same kind, and many merchants have imagined that if through lower customs duties the importation and sale of these foreign wares could be increased, there would be a corresponding gain in the profits of their business. This idea has been and is naturally impressed by these merchants on the newspapers that are largely maintained by their disbursements in the form of advertising.

When "cheap" goods were dear.

It is a matter of history now—the fearful disappointment and disaster that came upon those bankers and merchants and editors who thus helped to precipitate upon the country the Gorman-Wilson tariff of 1894. One such chastening experience as that should be enough to teach a broad and enduring wisdom. The absolutely protected industries whose representatives sought to deprive the partially protected industries of part or all of their tariff protection forgot their dependence upon these partially protected industries for the maintenance of their own prosperity. The manufacturers were patrons of the banks, and these manufacturers and their thousands of workpeople made up in our great industrial States the principal market of the merchants and storekeepers. When the mills and factories shut down throughout New England, New York, Pennsylvania, Ohio, and Illinois, of what avail was it that the storekeepers could, under the reduced tariff, buy more and cheaper foreign goods? Their market was gone; idle men and women could not buy; even the cheapest goods proved to be too dear for those who had no money in their pockets.

The United States Bureau of Labor publishes graphic comparative records of the average wages per hour in the chief productive industries year by year. This record covers not only partially protected industries, like cotton manufacturing and other textile arts, steel making, glass making, etc., but also the absolutely protected trades of the carpenter, painter, plasterer, plumber, mason, compositor, etc. Now, of course, there was a severe shrinkage in the wage record of cotton manufacturing and all other tariff-protected industries in those gloomy years from 1892 to 1896, when the foes of the protective policy were dominant in Washington. But the striking fact is that this shrinkage occurred at the same time in the wages of the absolutely protected industries—in the wages of the workmen of the building trades, for instance, and the employees of newspapers.

All this was natural enough, and, indeed, inevitable. For with 33 per cent of the cotton mills of the country and 24 per cent of the machinery partly or wholly idle, as they were at one time in those black years, 43 per cent of the woolen mills and 42 per cent of the machinery, and 53 per cent of the knitting mills and 47 per cent of the machinery—and the same prostration in other partially protected industries—where were the manufacturers who would dare to build new mills, or the workers who could build new dwellings, to employ the carpenter, painter, plumber, plasterer, and mason? Why, these idle workers could not even afford to buy newspapers, except to search them, all in vain, for opportunities for employment. The "fight of extermination" on "the protected industries of the country" had succeeded all too well. The interdependence of the national industries had had a tardy but painfully vivid demonstration.

Cut the tariff and you cut the wages in tariff-protected industries. Then wages in other industries fall as surely as ebb tide in Boston Harbor follows the ebb in Massachusetts Bay.

The interdependence of industries.

When one industry is struck down, not only does the demand lessen or altogether cease on the part of the workers in that industry for the products or service of other industries, but the idle workers of the industry thus assailed crowd into other industries and depress wages there. A large textile mill is forced to close by tariff reduction. Its operatives must find immediate employment elsewhere in order to live. They naturally grasp at anything available, invading the unskilled or perhaps some of them the skilled branches of an absolutely protected calling like the building trades, which are already suffering from a reduced demand for construction. When there is only one job, and there are two men looking for the job, a fall of wages is inevitable.

And the clerks from the office of the idle mill are forced to seek employment in banks or wholesale or retail houses, and the necessities of these clerks render them willing and eager to offer their services for smaller pay than the present clerks are receiving. In the tariff reform campaigns of 1887-1893 in Massachusetts, the anti-protection orators and newspapers made an especial deliberate effort to win over the bank clerks and similar workers to their cause by insisting that the clerks could have no possible interest in the maintenance of the protective system, and that, on the other hand, they would be very greatly and directly benefited by the reduced cost of living that would certainly result from legislation in the direction of free trade. It scarcely need be said that all of those clerks and other salaried employees who yielded to that delusion very soon had an immediate and personal demonstration of the stern economic truth of the close interdependence of American industries.

All sharers in the better times.

Just as this interdependence was so forcibly exemplified in the general decline of employment and wages and the shrinkage of the purchasing power of all the people that attended the tariff reduction of 1894, so it was exemplified in the uplift of prosperity that followed on the reestablishment of the protective policy. The records of the Bureau of Labor show that wages in American cotton mills have advanced 50.1 per cent since 1896 in this important partially protected industry, but they show also that wages in the absolutely protected building trades have advanced 44.7 per cent. Here is another signal proof of the interdependence of industries. An adequate tariff has restored prosperity to American manufacturing and therefore there have again been new mills and new dwellings to build.

Increased employment has brought improved wages, and therefore increased purchasing power on the part of all of the people. Those merchants, those distributors in an absolutely protected industry, who shortsightedly helped to bring on the tariff reduction of 1894 have

found the prosperity of which they robbed themselves returning with the reestablishment of tariff protection. The clerks and other employees in these mercantile houses have been benefited also, for the workers in the tariff-protected industries have gone back to their proper callings and the absolutely protected industries to which they had fled for refuge are no longer harassed by two men seeking for one man's work.

When tariff protection was overthrown in 1892 the memories of only the oldest voters reached back to 1857. But there are millions of voters still young who can recall 1894. In the light of that not remote experience, it is a rash as well as a wicked thing to begin again to endeavor to set class against class and to proclaim the antagonistic interest of the so-called "consumers" and "producers"—of the "unprotected" and "protected" industries. For industrially as well as politically the American people are one in their interdependence; they are all consumers and all, or nearly all, producers; and these producers all belong to either absolutely protected or partially protected industries. Every sinister attempt to distract or divide them into jealous and contending classes for supposed selfish or partisan advantage is as great a crime against our common country as a like attempt to distract and divide section against section. Such an expedient is in itself sufficient condemnation of the cause for which it is invoked.

APPENDIX C.

AVERAGE WAGES AND RELATIVE WAGES PER HOUR IN THE WOOLEN AND WORSTED INDUSTRY OF THE UNITED STATES.

[From Bulletin No. 77, Bureau of Labor, Department of Commerce and Labor, Washington, D. C., July, 1908.]

Average wages per hour, woolen and worsted goods.

Burlers, female	\$0. 1153	Spinners:	
Carders, male .....	. 1290	Frame—	
Card strippers, male .....	. 1355	Male	\$0. 1159
Combers:		Female .....	. 1185
Male .....	. 1230	Mule, male .....	. 2066
Female .....	. 0958	Weavers:	
Dyers, male .....	. 1500	Male .....	. 2116
Loom fixers, male .....	. 2074	Female .....	. 1841

Relative wages per hour, woolen and worsted goods.

Burlers, female:		Burlers, female—Continued.	
Average 1890-1899	100. 0	1903	119. 4
1890	93. 3	1904	118. 7
1891	93. 7	1905	124. 4
1892	97. 5	1906	129. 5
1893	100. 5	1907	136. 7
1894	99. 2	Carders, male:	
1895	99. 6	Average 1890-1899	100. 0
1896	107. 9	1890	99. 1
1897	100. 4	1891	99. 6
1898	102. 9	1892	101. 7
1899	105. 5	1893	103. 4
1900	111. 3	1894	98. 5
1901	108. 3	1895	97. 7
1902	113. 3	1896	98. 1

*Relative wages per hour, woolen and worsted goods—Continued.***Carders, male—Continued.**

1887	101.7
1888	99.8
1889	100.0
1890	110.9
1901	106.2
1902	106.7
1903	109.4
1904	115.0
1905	116.8
1906	121.0
1907	128.7

Card strippers, male:

Average 1890-99	100.0
1890	92.4
1891	99.3
1892	103.3
1893	99.5
1894	99.0
1895	96.5
1896	104.0
1897	100.2
1898	98.9
1899	106.7
1900	111.4
1901	112.2
1902	116.6
1903	117.6
1904	120.5
1905	121.8
1906	122.6
1907	125.5

Combers, male:

Average 1890-99	100.0
1890	95.7
1891	98.9
1892	95.7
1893	99.5
1894	107.2
1895	94.0
1896	104.6
1897	95.4
1898	95.9
1899	113.3
1900	106.6
1901	107.9
1902	103.8
1903	102.1
1904	93.3
1905	94.8
1906	95.3
1907	96.9

Combers, female:

Average 1890-99	100.0
1890	98.3
1891	98.8
1892	98.5
1893	101.3
1894	93.4
1895	96.3
1896	103.1
1897	102.9

Combers, female—Continued.

1898	104.0
1899	103.3
1900	110.3
1901	111.1
1902	112.6
1903	110.4
1904	105.8
1905	101.7
1906	105.4
1907	106.5

Dyers, male:

Average 1890-99	100.0
1890	100.2
1891	101.5
1892	100.7
1893	103.1
1894	95.5
1895	96.5
1896	98.5
1897	99.4
1898	101.4
1899	102.6
1900	109.3
1901	106.8
1902	108.4
1903	108.2
1904	108.9
1905	109.3
1906	114.8
1907	122.3

Loom fixers, male:

Average 1890-99	100.0
1890	98.3
1891	98.2
1892	100.2
1893	102.0
1894	96.4
1895	96.7
1896	101.2
1897	102.0
1898	102.0
1899	102.8
1900	112.5
1901	112.2
1902	114.0
1903	115.9
1904	112.7
1905	114.5
1906	122.7
1907	128.9

Spinners, frame, female:

Average 1890-99	100.0
1890	96.7
1891	97.6
1892	98.4
1893	103.5
1894	94.2
1895	95.1
1896	101.1
1897	102.5
1898	104.4

*Relative wages per hour, woolen and worsted goods—Continued.***Spinners, frame, female—Continued.**

1899	106.5
1900	118.0
1901	115.4
1902	122.8
1903	123.2
1904	120.2
1905	121.6
1906	125.6
1907	139.8

Spinners, mule, male:

Average 1890-1899	100.0
1890	96.6
1891	95.5
1892	93.9
1893	101.5
1894	98.1
1895	96.2
1896	103.7
1897	104.2
1898	111.1
1899	99.0
1900	115.6
1901	114.3
1902	114.0
1903	124.8
1904	125.9
1905	131.1
1906	140.6
1907	143.3

Weavers, male:

Average 1890-1899	100.0
1890	101.6
1891	102.2
1892	103.8
1893	109.7

Weavers, male—Continued.

1894	92.8
1895	94.9
1896	94.7
1897	98.0
1898	101.1
1899	100.9
1900	111.7
1901	113.6
1902	120.4
1903	124.7
1904	116.6
1905	123.8
1906	136.0
1907	142.1

Weavers, female:

Average 1890-99	100.0
1890	100.4
1891	99.1
1892	100.8
1893	106.7
1894	94.3
1895	93.8
1896	96.7
1897	100.7
1898	104.6
1899	102.4
1900	109.8
1901	112.5
1902	112.5
1903	115.9
1904	113.4
1905	117.1
1906	126.4
1907	137.1

Relative wages per hour for whole industry, woolen and worsted goods.

1890	98.1	1899	103.7
1891	99.1	1900	110.4
1892	99.6	1901	110.6
1893	101.5	1902	113.5
1894	97.2	1903	115.2
1895	96.8	1904	116.4
1896	100.9	1905	118.3
1897	100.2	1906	124.0
1898	102.5	1907	131.9

APPENDIX D.

Statement showing the quantities and value of certain articles of clothing, equipment, and materials purchased by the Quartermaster's Department, United States Army, during the fiscal years 1904, 1905, 1906, 1907, and 1908, as called for in communication from the president National Association of Wool Manufacturers, dated November 20, 1908.

Articles.	1904.		1905.	
	Quantity.	Value.	Quantity.	Value.
<i>All wool.</i>				
Blankets, wool, heavy.....	11,172	\$38,960.28	41,976	\$146,466.84
Blankets, wool, light.....	17,811	42,981.28	29,289	82,636.72
Cloth, dark blue, army standard..... yards.	167,117	292,454.75	59,400	129,522.00
Cloth, dark blue, cap..... do.	3,528	6,491.52		
Cloth facing (all colors)..... do.			2,200	5,775.00
Flannel, dark blue, blouse..... do.			1,000	2,875.00
Kersey, sky blue, 22-ounce..... do.	99,150	125,920.50	27,147	42,680.79
Stockings, wool, heavy..... pairs.	100,000	27,846.56	50,000	13,923.28
<i>Worsted.</i>				
Breast cords.....	94,283	47,047.22	14,578	7,577.96
Cord edge braid..... yards.	300,000	7,187.50	10,300	248.92
Hat cords.....	244,808	12,240.15	238,247	11,912.35
Lasting, black..... yards.	100,882	109,165.42		
Lasting, olive drab..... do.	240,218	217,998.20	899,774	415,728.46
Trumpet cords.....	6,050	1,836.00	509	157.79
<i>Wool and worsted.</i>				
Cloth, covert..... yards.	286,514	675,122.76	358,776	704,012.25
Flannel, olive drab..... do.	454,283	288,460.70	221,362	154,946.40
Serge, olive drab..... do.	220,842	498,566.08	118,098	189,940.20
<i>Wool and cotton.</i>				
Drawers, winter, heavy..... pairs.	72,746	42,192.68	25,181	15,581.22
Stockings, wool, light..... do.	384,994	71,721.31	431,740	77,718.20
Undershirts, wool, heavy.....	62,000	38,747.50		
Undershirts, wool, light.....	50,000	17,825.00	1,006	402.40

Articles.	1906.		1907.	
	Quantity.	Value.	Quantity.	Value.
<i>All wool.</i>				
Blankets, wool, heavy.....	67,090	\$351,551.60	64,154	\$320,694.62
Cloth, dark blue, army standard..... yards.	104,115	208,024.25	63,852	124,511.40
Cloth facing (all colors)..... do.	11,704	15,435.00	3,280	10,228.75
Cloth facing, olive drab..... do.			750	3,000.00
Kersey, sky blue, 22-ounce..... do.	99,145	169,563.60	55,601	93,409.68
Stockings, wool, heavy..... pairs.			40,000	10,800.00
<i>Worsted.</i>				
Breast cords.....	58,212	29,106.00	85	17.50
Cord edge braid..... yards.	195,600	4,727.00	92,436	2,436.45
Hat cords.....	52,355	2,617.75	79,681	3,984.06
Lasting, olive drab..... yards.	105,608	144,678.85	41,766	57,219.42
Trumpet cords.....	1,004	311.24	1,456	451.86
<i>Wool and worsted.</i>				
Cloth, covert..... yards.	69,924	139,148.76		
Flannel, olive drab..... do.	17,105	11,973.50	26,851	22,184.84
Serge, olive drab..... do.	119,970	146,368.40	183,604	163,240.66
<i>Wool and cotton.</i>				
Drawers, winter, heavy..... pairs.	55,879	37,997.72	108,399	79,181.27
Stockings, wool, light..... do.	135,476	24,885.00	437,723	74,412.91
Undershirts, wool, heavy.....	75,164	51,111.52	80,000	21,900.00
Undershirts, wool, light.....	49,998	21,996.92	80,675	16,257.75

Statement showing the quantities and value of certain articles, etc.—Continued.

Articles.	1908.		Total for five years.	
	Quantity.	Value.	Quantity.	Value.
All wool.				
Blankets, wool, heavy.....	45,406	\$222,101.22	229,798	\$1,061,833.96
Blankets, wool, light.....			46,600	125,568.00
Cloth, dark blue, army standard.....yards..	14,341	20,674.26	408,825	773,186.66
Cloth, dark blue, cap.....do..			3,528	6,491.52
Cloth facing (all colors).....do..	8,520	12,584.92	20,704	44,623.67
Cloth facing, olive drab.....do..	100	450.00	850	3,450.00
Flannel, dark blue, blouse.....do..			1,000	2,375.00
Kersey, sky blue, 22-ounce.....do..			281,043	428,514.57
Stockings, wool, heavy.....pairs..			190,000	52,599.84
Worsted.				
Breast cords.....	9,330	4,665.00	176,433	88,413.68
Cord edge braid.....yards..	60,000	1,650.00	658,336	16,239.87
Hat cords.....	165,632	9,937.92	780,718	40,692.22
Lasting, black.....yards..			100,382	109,165.42
Lasting, olive drab.....do..	21,603	29,596.11	808,969	865,219.04
Trumpet cords.....do..	1,426	618.18	10,445	3,469.57
Wool and worsted.				
Cloth, covert.....yards..			712,213	1,516,283.77
Flannel, olive drab.....do..	98,763	109,626.98	817,854	587,151.37
Kersey, olive drab, 22-ounce.....do..	115,875	248,405.00	115,875	243,405.00
Kersey, olive drab, 16-ounce.....do..	112,425	191,182.88	112,425	191,182.88
Serge, olive drab.....do..	168	192.76	562,367	943,308.33
Wool and cotton.				
Drawers, winter, heavy.....pairs..	45	35.10	262,200	174,937.99
Stockings, wool, light.....do..	776,372	124,219.52	2,166,304	372,451.94
Undershirts, wool, heavy.....			167,164	106,739.02
Undershirts, wool, light.....			131,674	56,432.07

WAR DEPARTMENT,
OFFICE OF THE QUARTERMASTER-GENERAL,
Washington, D. C., November 25, 1908.

STATEMENT SHOWING THE QUANTITIES AND VALUE OF CLOTHING PURCHASED FOR THE NAVY.

Woolen and worsted cloths.

CLOTH, BLUE, FOR CAPS AND TROUSERS, 17-OUNCE, ALL WOOL.

Year.	Quantity.	Value.	Year.	Quantity.	Value.
	<i>Yards.</i>			<i>Yards.</i>	
1904.....	175,000	\$339,500	1908.....	100,000	\$157,000
1906.....	75,000	141,750			
1907.....	100,000	177,000	Total.....		815,250

CLOTH, BLUE, FOR OVERCOATS, 30-OUNCE, ALL WOOL.

1903.....	40,000	\$88,560	1908.....	30,000	\$65,750
1904.....	40,000	89,200			
1907.....	30,000	82,050	Total.....		325,560

FLANNEL, BLUE, 11-OUNCE, FOR OVERSHIRTS, ETC., ALL WOOL.

1904.....	100,000	\$77,000	1908.....	150,000	\$115,500
1906.....	200,000	199,750			
			Total.....		392,250

*Woolen and worsted cloths—Continued.***FLANNEL, BLUE, 7-OUNCE, FOR LINING OVERCOATS, ETC., ALL WOOL.**

Year.	Quantity.	Value.	Year.	Quantity.	Value.
	<i>Yards.</i>			<i>Yards.</i>	
1903.....	10,000	\$8,700	1908.....	15,000	\$10,800
1904.....	15,000	12,712			
1907.....	15,000	12,675	Total.....		44,887

SERGE, BLUE, 12½-OUNCE, FOR CHIEF PETTY OFFICERS' UNIFORMS, ALL WORSTED.

	<i>Yards.</i>	
1904.....	80,000	\$108,100
1908.....	20,000	27,400
Total.....		130,500

MOMIE CLOTH FOR CURTAIN MATERIAL ON SHIPBOARD, ALL WOOL.

	<i>Yards.</i>			<i>Yards.</i>	
1906.....	3,500	\$7,000	1908.....	5,250	\$8,060
1906.....	6,113	9,500			
1907.....	3,000	4,982	Total.....		29,542

BILLIARD CLOTH FOR TABLE COVERS ON SHIPBOARD, ALL WOOL.

	<i>Yards.</i>			<i>Yards.</i>	
1904.....	300	\$1,500	1908.....	300	\$1,256
1906.....	600	2,690			
1906.....	300	1,200	Total.....		10,056
1907.....	830	8,410			

BUNTING FOR FLAGS, PENNANTS, ETC., ALL WOOL.

	<i>Yards.</i>			<i>Yards.</i>	
1904.....	190,000	\$39,040	1908.....	239,700	\$59,823
1905.....	148,000	55,000			
1906.....	192,000	48,729	Total.....		240,278
1907.....	224,940	58,181			

TOTALS.

	<i>All kinds.</i>			<i>All kinds.</i>	
1908.....	50,000	\$97,280	1906.....	278,418	\$201,179
1904.....	600,300	662,052	1907.....	378,770	338,298
1905.....	347,100	244,440	1908.....	560,250	445,099

Woolen and worsted clothing.

None purchased; see paragraph 4 of indorsement.

Woolen and worsted knitted cloth.

None purchased.

Woolen and cotton mixed knitted cloth.

None purchased.

Woolen and cotton mixed knitted cloth.

JERSEYS—ALL WOOL.

Year.	Quantity.	Value.
	<i>Each.</i>	
1904.....	45,000	\$59,836
1905.....	20,000	36,948
1906.....	30,000	50,994

WATCH CAPS, ALL WOOL.

1904.....	60,000	\$15,438	1907.....	25,000	\$7,495
1905.....	20,000	5,898	1908.....	30,000	8,694

GLOVES, ALL WOOL.

1905.....	<i>Pairs.</i> 30,000	\$10,500	1908.....	<i>Pairs.</i> 30,000	\$10,000
1906.....	35,000	13,082			

TOTALS.

1904.....	<i>All units.</i> 105,000	\$75,304	1907.....	<i>All units.</i> 25,000	\$7,495
1905.....	80,000	10,500	1908.....	90,000	69,688
1906.....	75,000	55,928			

Woolen and cotton mixed knitted goods.

UNDERSHIRTS, LIGHT AND HEAVY, 33½ PER CENT TO 35 PER CENT OF WOOL;
NOT MORE THAN 65 TO 66½ PER CENT COTTON.

Year.	Quantity.	Value.	Year.	Quantity.	Value.
	<i>Each.</i>			<i>Each.</i>	
1904.....	75,000	\$50,250	1907.....	10,000	\$11,700
1905.....	250,000	230,875	1908.....	70,000	40,720

DRAWERS, LIGHT AND HEAVY, 33½ PER CENT TO 35 PER CENT OF WOOL; NOT
MORE THAN 65 TO 66½ PER CENT COTTON.

1906.....	250,000	\$233,375	1908.....	44,000	\$32,710
1907.....	10,000	11,700			

CARPETS, 20-OUNCE, WOOLEN, AND 11-OUNCE COTTON, TO 1 RUNNING YARD.

1904.....	<i>Yards.</i> 1,800	*\$1,975.00	1906.....	<i>Yards.</i> 3,000	*\$3,541.00
1905.....	2,000	*2,190.00	1908.....	4,400	5,232.50

* Estimated.

RUGS, 35 OUNCE WOOLEN, 8-OUNCE LINEN, AND 10-OUNCE COTTON, TO 1
RUNNING YARD, 27 INCHES WIDE.

1904.....	<i>Yards.</i> 800	*\$1,975	1906.....	<i>Yards.</i> 1,400	*\$3,541
1905.....	900	*2,190	1908.....	4,900	13,676

* Estimated.

Woolen and worsted hosiery.

1903. Socks, all wool, 75,000 pairs-----	\$22, 237. 50
1908. Stockings, football, all wool, 540 pairs-----	513. 00

Woolen and cotton mixed hosiery.

1906. Socks, merino, 65 per cent wool and 35 per cent cotton, 100,000 pairs-----	\$25, 735
1907. Socks, merino, 65 per cent wool and 35 per cent cotton, 100,000 pairs-----	26, 460

Any other articles in which wool is a component part.

1906. Blankets, all wool, 3½ pounds each, 30,000-----	\$88, 483
1907. Blankets, all wool, 3½ pounds each, 50,000-----	128, 000
1908. Blankets, all wool, 3½ pounds each, 53,000-----	129, 124

Prison cloth (wool and cotton so proportioned that boiling for one hour in 2 per cent caustic potash solution leaves not more than 17 per cent dry insoluble matter):

1907. 16,000 yards -----	\$13. 440. 00
1908. 16,000 yards -----	10, 350. 00

Flannel, Shaker, gray (wool and cotton so proportioned that boiling for one hour in 2 per cent caustic potash solution leaves not more than 20 per cent dry insoluble matter):

1905. 2,400 yards -----	\$1, 860. 00
1906. 2,500 yards -----	1, 825. 00
1908. 4,000 yards -----	3, 880. 00

APPENDIX E.

Synopsis.

I. The German agreement was negotiated and signed, although no consultations were held with or advice given by any body of manufacturers or merchants as to the wisdom of its provisions, those engaged in these pursuits being thrown off their guard by the public and seemingly authoritative announcement that the commission sent to Berlin did not go to conclude a bargain or make promises, but, after investigation, to report the difficulties and demands of Germany.

II. Open hearings, conceded in some cases by the agreement, have been long opposed by many most familiar with customs procedure, the chairman of the Berlin commission himself going on record against them in 1906.

III. Since open hearings have been granted the attorney for German exporters says they have been beneficial to the foreign exporters and his connections in this country.

IV. Seven of the nine general appraisers opposed the open hearings, one of the two advocating them favoring them simply as an experiment for six months. Formerly the board secured evidence because the records of tradespeople were carefully guarded. Since the agreement went into effect witnesses deemed material by the Government in establishing market value have declined to appear before the board in open session.

V. German exporters are not required to furnish statements of cost, except upon request of the appraiser of the port of entry. But

witnesses needed here to make out a case for the Government must testify at open hearings, perhaps divulging important trade secrets.

VI. Where there is little or no competition between foreign and American goods the open hearings may be held with considerable success, but where there is commercial rivalry they fail.

VII. Although the President declared that under our practice the abuses under the administrative customs law had become gross and discreditable, not one purchasing importer appeared before the Committee on Ways and Means to protest against the alleged abuses.

VIII. Appraisements are not judicial proceedings, but simply ascertainment of value. In few States when property is assessed has the owner a right to be heard or to present witnesses. In appraisal and reappraisal cases the importer has the right to appear and also produce witnesses, together with the right of appeal, a method under which greater opportunities are offered for determining the taxable value of property than under any other.

IX. This method of determining dutiable value has been approved by the Supreme Court, who have held that the question is not to be tried before the appraisers as if it were an issue in a judicial tribunal.

X. Our system is much more liberal than that followed in Germany, where there is no appeal and no reappraisal.

XI. A tariff war between Germany and the United States was freely predicted when negotiations were undertaken. But foreign papers conversant with conditions in Germany pointed out that Germany could not afford to inaugurate such a war, or, if inaugurated, to wage it.

XII. Germany's exports to the United States during the fiscal year 1907 were valued at \$161,500,000, of which \$147,000,000 were manufactured goods. On the contrary, the exports of the United States to Germany were chiefly unmanufactured products, cotton and food-stuffs making up a large percentage of the total.

XIII. Germany is not a self-sufficing nation, can not get such supplies from her continental neighbors, and must secure them from this country. Under such conditions, it was not likely that the German authorities would have taken steps to make their importation more difficult or expensive.

XIV. Herr Max Goldberger, a privy councilor of the German Imperial Government, scouted the idea of an industrial war being waged by the two countries.

XV. German exporters have endeavored for years to conceal the market value and cost of production of goods sent to this country. Their hostility to the requirements of our law has been so marked that it is hard to believe they feel that certificates of values to be furnished by German chambers of commerce will lessen the frauds acknowledged to have been committed.

XVI. German chambers of commerce are semiofficial bodies through which German business men make known to the Government grievances to which they wish attention directed. When their certificates of value are accepted no chance for cross-examination of those furnishing these values is given, whereas the opportunity to cross-examine witnesses at the reappraisal hearings was strongly urged as a right of the importer.

XVII. If the chambers of commerce are to certify the true values of exports, why did the President promise to recommend the amend-

ment of the law to permit a 10 per cent undervaluation of imported merchandise?

XVIII. Competent attorneys declare the President, when he negotiated and proclaimed the agreement, exceeded his powers under the Dingley law, because the agreement alters not only the Treasury regulations but the existing law, which can be changed only by Congress.

XIX. Advantages granted by the agreement caused a strong effort on the part of other countries to secure the extension of the same privilege to them. England's unofficial boards of trade now issue certificates as well as Germany's chambers of commerce, which we are told are official bodies—"part of the Government."

XX. The present tariff is not prohibitive. The value of partly manufactured goods imported freely into the United States exceeds by \$25,000,000 the value of the same class of goods imported by Germany, while the value of wholly manufactured goods exceeds by \$126,000,000 the value of those imported by Germany, and exceeds by \$65,000,000 the value of those of France and Germany combined.

XXI. If European countries, neighbors of Germany, with which she has reciprocity treaties, fail of access to Germany's market in many lines of manufacture, the United States is not likely to succeed.

THE GERMAN AGREEMENT

AND ITS DEFENSE BY THE CHAIRMAN OF THE COMMISSION TO GERMANY.^a

An examination of some points involved.

In an annual report made to the National Association of Wool Manufacturers one year ago in noting the sending to Germany by the President of a commission, consisting of the Hon. S. N. D. North; N. I. Stone, tariff expert of the Department of Commerce and Labor; and James L. Gerry, chief of the customs division of the Treasury Department, the writer said:

The commission was not sent abroad to conclude a bargain or to make promises, but, after investigation and consultation, to make a report of the differences and the demands. The hope of the State Department is said to be that the American commissioners may "be able to recommend some change in existing methods of administration of the Dingley Act where it bears hardest upon German exporters."

THAT STATEMENT SUPPORTED BY THE PRESIDENT'S MESSAGE.

That the object of the commission's appointment, as there set forth, was correct is shown by the President's message to Congress, wherein he says:

This commission was engaged for several months in conference with a similar commission appointed by the German Government, under instructions, as far as practicable, to reach a common understanding as to all the facts regarding the tariffs of the United States and Germany material and relevant to the trade relations between the two countries.^b

This commission not only made an "investigation," but actually concluded a bargain or agreement. Not only did they negotiate a

^a Bulletin for September, 1907, pp. 267 and 273.

^b Annual message to Congress, p. 60.

temporary agreement, but they brought back with them a tentative draft of a permanent reciprocity treaty; Chairman North, in his defense of this temporary agreement, stating that Germany had granted the "Provisorium," extending her conventional tariff to our exports to her until July 1, 1907, "in the belief and on the understanding that this extension would lead to the negotiation of a treaty of reciprocity which would place the commercial relations of the two nations on a permanent and equitable basis." Who, it may be asked, had the authority to make such a promise? The President could promise that a treaty would be negotiated, but he could not assure the Germans that it would be ratified by the Senate; and the mere negotiation, without that ratification, could not place "the commercial relations of the two nations on a permanent basis." Or can it be that this treaty was to become effective without the consent of the Senate?

It is not our purpose to go over in detail the various provisions of this compact and present arguments against them, but rather to sketch the several steps taken in reaching the agreement (which, more than any other event of the year, except the financial flurry, has disturbed the manufacturing and direct importing industries of the country), and glance at some of the reasons in justification of it advanced by the chairman of the commission, who was charged, apparently, by the administration to try to allay the fears of all interests alarmed, by explaining how much to the advantage of all will be the concessions so magnanimously granted by the German Government! In our opinion, the points emphasized by the chairman are not so important as some left untouched, and these we shall also notice.

The action was hasty and secret.

First, let us trace the steps taken in the consummation of this agreement. The commissioners sailed in December, 1906, its announced purpose being as above set forth. Some time late in February they returned with a report, which was kept so secret by the State Department that efforts as late as April 10, 1907, to get a copy of the agreement failed, the Acting Secretary of State writing, April 26, that "the preliminary schedules in question are not yet perfected, and any statement by the department as to what is offered by Germany or expected of her by the United States as compensating favors would be premature and might be misleading." At that date the agreement had been already signed at Washington by Secretary Root, although the German ambassador's signature was not attached to the document until May 2. Under date of April 4 the "project of a commercial agreement with Germany," together "with drafts of notes proposed to be exchanged," was transmitted by the Secretary of State to Secretary Cortelyou, of the Treasury, who, without training or preparation, had come, within a month, to the discharge of his new and perplexing duties. April 9, 1907, the new Secretary of the Treasury wrote to the Secretary of State that "the proposed modifications of the consular and customs regulations will, in my opinion, conduce to the proper administration of the law in cases where the ordinary procedure, as embodied in present regulations, is inadequate." Then he added: "After careful consideration of the matter" (he had not had the papers more than four days) "I am led to the conclusion that the negotiation of the proposed com-

mercial agreement would promote friendly relations and otherwise be of benefit to this country."

Secrecy in this country—candor in Germany.

Whether the trade made with Germany was to the advantage of that country or to ours, as it has been declared to be, one can not help being struck by the secrecy with which the proceedings were conducted in this Republic and the openness and evident candor with which they were conducted in the Empire. In the United States no consultation was held with any body of merchants or manufacturers, so far as we have heard, before the agreement was drawn and signed. In Germany, on the contrary, the agreement was first submitted to the German Economic Association, an organization of industrial producers, and only after its indorsement was it transmitted to the Reichstag for consideration and confirmation. But that is not the only difference in the methods followed by the two governments, some provisions of this agreement being inserted, against the advice of the best experts of this country, by men most of whom had but little first-hand knowledge of the everyday workings of the custom-house and its practices.

There has been misapprehension about open hearings.

We are free to acknowledge that there has been considerable misapprehension respecting the provision in the agreement concerning open hearings in reappraisal proceedings. To us there seems to be but slight difference between the concessions made by Secretary Shaw in 1906, when he modified the regulations so that the general appraisers were given the privilege "to grant open hearings whenever it could be done without prejudicing the Government,"^a and the stipulation in the agreement which provides that in "reappraisal cases the hearings shall be open and in the presence of the importer or his attorney, unless the board of appraisers shall certify to the Secretary of the Treasury that the public interest will suffer thereby;" and in that case a summary of the facts developed at the closed hearing upon which the reappraisal is based is to be furnished to the importer. The latter seems to contemplate that all reappraisal hearings shall be open unless the certificate shall be filed, while under the rule as modified by Secretary Shaw, the hearings were to be open only when, in the opinion of the general appraisers, they could be so held "without prejudicing the Government."

When Mr. North attacked the closed hearing, designating it as "the American star-chamber proceeding," and wrote, "Now that this closed hearing has been done away with, I do not believe that it will ever again be heard of in our customs administration," his explanation, instead of clarifying the situation, deepened the misunderstanding and intensified the alarm he hoped to allay, the language of the agreement not justifying so sweeping a statement nor furnishing the slightest basis for it.

^a See Hearings before Ways and Means Committee, 1906, p. 28.

Respecting closed hearings.

But let us examine his "explanation" of the agreement intended to allay "some apprehension regarding the details" and to correct an "unfounded prejudice against it."

Respecting the open or closed hearing he correctly says it "is wholly a matter of regulation within the control of the Secretary of the Treasury, the law itself being silent upon the subject." Then he launches forth in praise of the open hearing, declaring that after a year's trial it "has proved a complete success;" that "the Government has had no difficulty in obtaining expert evidence, given under the sanctity of an oath. None of the dire consequences so freely predicted have been realized. On the contrary the open hearing has proved an effective aid to the Government as a guard against undervaluation." Like Importer Downing and Attorney Wickham Smith, he assures those laboring under misapprehension that "the merchant who desires and expects to remain in the importing business is going to be more careful about invoices when he knows that the evidence of undervaluation is to become a part of the public record."

Is the open hearing producing the result Mr. North describes?

Who has benefited by the open hearings? Has the Government had no difficulty in obtaining expert evidence? And has the open hearing been "an effective aid to the Government as a guard against undervaluation?" A prominent customs attorney, who has been urging all kinds of alterations and modifications in the law, recently said, "The open hearings prescribed by the reciprocal tariff agreement with Germany have, in the main, been successful and meet with the approval of my clients, most of whom are prominent German exporters and their American representatives." After entering a strong protest against the taking of any *ex parte* testimony as being contrary to the letter and spirit of the German agreement, he said, "In instances where there have been 'real' open hearings the results have, in the main, been beneficial to the foreign exporter and his connection in this country." Respecting *ex parte* testimony, he continued: "Its taking is not contemplated by the German agreement and its practice is vicious and full of danger to the honest (?) foreign exporter, and I sincerely trust that in the new treaty to be made with Germany there will be a cast-iron agreement that all hearings under whatever circumstances the case may be shall be free and open, and that no testimony shall be considered that is not given in the presence of the importer and his legal or other representatives." Given an inch they now demand an ell, and all in the interests of the honest foreign exporter and the revenues of this Government. The kind of open hearings now granted, he confesses, have been beneficial to the foreign exporter and his connection in this country and they meet with the approval of his clients, "most of whom are German exporters and their American representatives."

On both sides of the question.

Mr. North now "dubs" the closed hearing "the American star chamber proceeding," having "no other defense than the one calmly

advanced whenever the system was criticised, viz, that unless people are permitted to secretly testify against their neighbors and rivals they won't testify at all."

Were we so disposed we could quote from his reports to this association in which he wrote enthusiastically of the almost perfect basis to which the customs administrative law had been brought by the amendments of 1897, and also those in which he graphically described the losses suffered by the American manufacturers and honest purchasing importers from the laxer previous laws. 'But it is not necessary to go so far back to find his opinion respecting open hearings. About a year previous to his return from Berlin, when the Committee on Ways and Means was giving hearings on proposed amendments to the customs administrative law, seeking light and information from various sources, Mr. North, who had severed his connection with this association several years before to become Director of the Census, was quoted by Secretary Shaw as then being "absolutely against open hearings."^a The query is, Which view of the open hearing is to be accepted and which rejected?

TESTIMONY AGAINST OPEN HEARINGS.

But laying aside these contradictory views, as well as the question of the advisability or inadvisability of open hearings, the fact remains that not only Secretary Shaw, but seven of the nine general appraisers went on record against open hearings, and one of those two favored them simply as an experiment for six months, recognizing the fact that it would be dangerous. Even he "was opposed to any legislation looking to open hearings because" he "thought it was too risky an experiment." The president of the Board of General Appraisers gave it as his opinion that "if we had open hearings we would never get through the volume of cases,"^b while another member of the board said: "If they (the hearings) were conducted openly, the ability of the board to procure evidence would be destroyed and all reappraisements fail. It is due to the fact that the secrets of tradespeople are guarded that the board is enabled to get evidence. Frequently an importer's own witnesses will request that their testimony be taken privately, preferring that the information imparted be sacredly kept from competitors. The class of evidence sufficient to establish market value will be wholly improper and insufficient in a trial at law, and if the rule prevailing in the latter were necessary the Government would be wholly prevented from collecting its revenue."^c

On this question the Supreme Court years ago recorded its opinion as follows:

It is due to the merchants and others who give such information that their statements shall be taken in the presence of official persons only. It must often occur that persons in possession of facts which would be of value to the appraisers in determining market value would be deterred from appearing and testifying by publicity given to reappraisal proceedings.

^a See Hearings before Committee on Ways and Means, House of Representatives, 59th Cong., 1st sess., p. 19.

^b Ibid., p. 36.

^c Ibid., p. 47.

Such was some of the testimony of men having actual experience with the workings of the administrative law and such the opinion of the Supreme Court; yet this commission (composed of three men), with the Secretary of State and the President, whose combined practical experience can not be compared with that of the general appraisers, calmly ignore these opinions and as calmly proceed to denounce the law and the regulations which embody the experience of years in the battle to prevent frauds on the federal revenue. Compare the chairman's sweeping statement with the following, made after several months of experience with the open hearings, by the general appraisers' chairman, who says:

Witnesses deemed material by the Government in establishing proper market value have declined absolutely to appear before the board in open session and give their testimony, on the ground that important trade secrets and other information which is considered undesirable to give competitors would be brought out on cross-examination by the protestant's attorney. So acute has this situation become during the last five months that in some instances the board has been obliged to ask material witnesses for the Government to submit their testimony in writing. This testimony has been shown to the importer and his attorney in specific cases, but with the identity of the informant cut from the letter heads on which the testimony was written. Only in this way was it possible to obtain the desired information. On other occasions so strong has been the aversion of importers and domestic manufacturers and their representatives to appear at "open hearings" that the Government has been obliged to go without testimony of any kind, thereby practically permitting the case to go by default in favor of the importer whose goods were under consideration.

Chairman North scoffs at the idea that witnesses will refuse to testify unless permitted to do so privately, being deterred by the fear that trade secrets of importance will be drawn from them on cross-examination; but when the Germans demanded that section 8 of the law should be modified by new regulations he joined his fellow-commissioners in writing in their report that "the statements of cost required by the act require the expenditure of a great deal of time and energy on the part of German importers; they contemplate the divulgence of trade secrets of the utmost importance and value to the manufacturer, and they are only of importance to the appraisers of merchandise. We therefore agreed to recommend that the consular regulations be so amended that the statements * * * need not be exacted except upon the request of the appraiser of the port after entry of the goods."^a

Great consideration is shown for the German exporters who have to expend "much time and energy in the preparation of statements of cost, which contemplate the divulgence of trade secrets." But when witnesses are needed in this country to make out a case for the Government they must testify at open hearings, although by their testimony they may be obliged to divulge trade secrets of the "utmost importance" to them. Where does the consistency of this concession come in? It is beyond our ken, and must be credited as one of those advantages, which are so many, we are told, but which have not yet been discovered by those who have studied the terms of this agreement.

Another member of the board, who believes in liberality in the administration of customs, after his experience since July last, says:

^a See message of the President to Congress, January 22, 1903, p. 28.

I believe that open hearings will never be an absolute success, although in some circumstances they may be practicable. The truth seems to be that where little or no competition exists between foreign goods and American productions open hearings may be had with considerable success, but that in cases where commercial rivalry between the United States and the foreign country is concerned the open hearings fall to the ground.

The writer does not pretend to say who is right in this matter, the chairman of the commission to Germany or the men who see the workings of the new regulations at close range. We simply record the facts.

The President, in his last annual message to Congress, joins in the clamor against the administration of the law, saying, "Under our practice as I found it to exist in this case the abuse had become gross and discreditable." Yet at a time when the German agents and their sympathizers and all enemies of the protective tariff were leaving no stone unturned to secure the concessions for which they had striven for years it is rather remarkable, if the abuses under the law had become "gross and discreditable," as the President says, or the conditions had become "intolerable," as Mr. Smith described them, that not a single purchasing importer appeared in person before the Committee on Ways and Means to enter a vigorous and indignant protest against these abuses and conditions. It is true that many merchants signed the petition approving the amendments suggested by the New York Merchants' Association; but of the New York merchants favoring them Secretary Shaw said that at least "two-thirds were engaged in the consignment business."^a At the same time he quoted the representative of Marshall Field & Co.^b as telling him that "they (the firm) had no more fears of the penalties of the customs law than they had fear of the penalties against murder or arson."

Can not the gentlemen responsible for the agreement be fairly likened to a man who, ill almost to death, seeks an eminent physician or surgeon and refuses to take his advice, or of a client who, in serious legal difficulties, employs a skillful attorney and refuses to follow his counsel?

A case of misconception.

Mr. North inveighs further against the closed hearing in reappraisement cases, declaring that "a man may be deprived of his property and goods without due process of law, as that phrase has come to be otherwise universally understood in this country, i. e., without the privilege of knowing on whose evidence he is * * * penalized or what the character of that evidence is and without the right of cross-examination."

He has great horror of admitting any evidence without giving the importer the right of cross-examination; yet he and his fellow-commissioners agree that certificates of German chambers of commerce are to be admitted as competent evidence, although no chance to cross-examine the officials who sign the certificates can ever be obtained for those who protest against the value put upon the importation for which the certificate may be given.

Evidently he has read with close attention the argument (put in the form of questions) by Mr. Cockran in the hearing before the

^a Ways and Means Hearings, 1906, p. 20.

^b Ibid., p. 29.

Committee on Ways and Means. Apparently he was greatly impressed thereby, for he has adopted the phrase of that voluble, gifted man. Yet he has qualified Mr. Cockran's use of the constitutional phrase "without due process of law" and construed its meaning in a way not contemplated by the expounders of that document. He can not be very familiar with the methods of appraising values of real estate, or he would not have assumed the untenable position of demanding that the right of cross-examination should be given importers in cases where a valuation is made of the importation. Let us repeat what we have once said, that the appraisements are not a proceeding, judicial in character, where the officers sit as judges and render decisions according to the preponderance of testimony produced, but they are simply an ascertainment of value. In few, if any, States has the owner of real estate the right to be heard in the first instance when his property is assessed; nor has he the chance to present witnesses or cross-examine the assessor, either then or on appeal. This summary method is adopted because otherwise it would be impossible for taxes to be levied and collected within a reasonable time. But in appraisal and reappraisal cases the importer has the right to appear himself and produce witnesses, together with the right of appeal from the decision of the appraiser to one general appraiser and from his decision to a board of three general appraisers, "a method," General Appraiser De Vries says^a (if compared with the laws of any State in the Union or with the procedure in any other nation), "under which there are greater opportunities offered for the purposes of determining the taxable value of property than under any other."

The Supreme Court has approved our method.

In a decision respecting the question of dutiable value of merchandise the Supreme Court has well said:

We are of opinion that under the statute the question of dutiable value of merchandise is not to be tried before the appraisers as if it were an issue in a judicial tribunal. Such is not the intention of the statute and the practice has been to the contrary from the earliest history of the Government. No government could collect its revenues or perform its necessary functions if the system contended for by the plaintiffs were to prevail.^b

The objecting country has an arbitrary system.

Secretary Shaw, in his testimony to the Committee on Ways and Means, declared^c that in Europe (he was speaking of Germany and France)—

they have no reappraisal proceedings. It is a military system. A little company of soldiers with side arms stands on the dock. They look at your merchandise and do not tell you what it is worth, but mark what it is worth, pass it over to the cashier, and you pay it.

If you complain enough they will go inside, see a man there and talk with him. They come out, write their decision, pass it over, and that settles it. There is no appeal and there is no reappraisal.

^a Ways and Means hearings, p. 43.

^b See Hearings before Ways and Means Committee, 1906, p. 29.

^c Ibid., p. 31.

If this description of the procedure in the country objecting to our law and practice is correct (and we have no reason to question its accuracy), which follows the "star-chamber" method and which the enlightened, liberal one?

Was a tariff war likely?

As a justification of this temporary agreement a studied effort has been made to alarm the American public by proclaiming that if it had not been concluded "the exports of American manufactured goods to Germany," as Mr. North states it, "would have been greatly reduced after July 1. This because on that date these exports would have become subject to the maximum duties which Germany universally applies to goods from all countries which fail to extend to her a corresponding equivalent for her minimum or conventional duties which are reserved for nations who consent to negotiate treaties carrying equivalent concessions or granting 'most-favored nation' treatment."

The President, in his message to Congress, wrote: "Deeming it my duty to make every possible effort to prevent a tariff war between the United States and Germany * * * I sent to Berlin a commission."^a

Mr. North writes that "the German agreement was negotiated by Secretary Root with the cordial approval of President Roosevelt, because they both believe that it will prevent a commercial war with Germany." The daily press was printing news items and editorials headed, "Our last chance with Germany," while a free-trade writer in the Journal of Political Economy, discussing "Reciprocity with Germany," in an article printed after the agreement was concluded, said, "It was plain that tariff warfare of unusual severity and extent was within the range of immediate possibility."

Was there real danger of tariff warfare "of unusual severity?" Before submitting some facts bearing on that question, let us quote a few extracts from a paper entitled "The tariff and the export trade of the United States,"^b read before the American Academy of Political and Social Science in January, 1904.

There was much talk in Europe and some fear in this country of a combination against the United States among European countries for retaliatory legislation for the exclusion of American-made products from these countries, on the ground that their own products are excluded from the United States by customs rates which are practically prohibitive in direct competition with American-made goods of the same general character.

Fear has been expressed that the United States will ultimately find the great manufacturing nations of the world united in trade leagues against us. I can not share in this apprehension. * * * The whole course of the foreign commerce of the United States under a protective tariff justifies the conclusion that retaliatory legislation need not be feared, and that high duties on foreign products entering this country do not interfere in any perceptible degree or measurable manner with the outflow of American-made products. * * *

So far as our agricultural products are concerned, the question of the influence of the tariff upon the export trade in them is hardly worth considering. The world takes our foodstuffs, as much of them as we can spare ourselves—because it can not get along without them. It takes our raw cotton because it has no other source of supply that can meet its demands, either in quantity or quality. It takes our meat products and lumber products because they are better and cheaper than it can get elsewhere.

^a See annual message to Congress, p. 59.

^b Pages 1, 2, and 3 of pamphlet reprint.

Conditions in Germany did not warrant a tariff war.

But it may be replied that Germany intended to apply her maximum rates to United States exports after July 1, 1907. Grant that there appeared to be some danger of her doing so, we answer by asking a question: Was she in a condition to take such action, and if taken, how long would she have continued that attitude? For an answer let us examine for a moment German conditions at the time of or shortly after the negotiation of this agreement.

In an article based on one contained in the semiofficial "Continental Correspondence" treating of Germany's trade with America, the Literary Digest for October 26, 1907, says:

In its effort to gain tariff modifications from the United States the Berlin Government has been urged on by the German manufacturers, who want our tariff bars lowered so they can sell more goods here. The German agrarians second this effort with the suggestion that if we do not capitulate, Germany should retaliate by raising its own tariff bars against American products. This is just what it can not very well do, however, for Germany must have our grain and meats, and to raise the tariff on these supplies, while enriching the agrarian landowners, would be to raise the cost of living in Germany—and that is what makes socialists. So the Government is letting well enough alone, and assuring the tariff complainants that they are doing splendidly and don't need any help.

The tariff on imports into the United States imposed by law some ten years ago has not, according to "The Continental Correspondence," interfered in any way with the sale of German goods in the United States. Of the increase in the German importations into this country this organ remarks:

"In every respect the fiscal year ending in 1907 shows record figures. The value of German wares imported into the United States reached the amount of \$161,500,000, while Germany bought \$240,000,000 worth of American goods. That shows an excess of 50 per cent on the side of Germany's purchases and seems at the first glance very disadvantageous for the fatherland. But we find that seven years ago this excess amounted to 90 per cent, and in 1898 even to 130 per cent of Germany's exports into the United States. In proportion at least the German balance of trade shows a considerable improvement. If we limit our attention to the increase in the last two years, we find even absolutely the same figures. Germany got in 1907 American goods of \$43,000,000 value more than in 1905; and by the same amount of \$43,000,000 we find the German imports into the United States higher in 1907 than in 1905. Now, if we go into details, we notice that among the American goods imported into Germany cotton is principally responsible for the increase. On account of the large demand of the German spinning mills and the higher prices, the United States increased their sales of raw cotton to Germany within two years by not less than \$34,000,000, so that the cotton imported into Germany accounts for 80 per cent of this very remarkable increase."

When we come to ask the proportion between the exports and imports of the United States and Germany, this writer tells us that while German exports to the United States are less than those of the United States to Germany in regard to raw materials, the contrary is the case when we calculate the interchange of manufactured articles. America exported to Germany \$90,600,000 worth of such goods for the year ending 1907, but imported from Germany manufactured goods to the amount of \$147,000,000.

Germany's era of prosperity, according to careful observers, was showing signs of waning; and if the conditions set forth in the following quotations were accurate, surely Germany was in no condition to engage in a tariff war with any country, much less the United States. The London Standard, perhaps not a friendly authority, said of the German period of remarkable commercial prosperity:

The same unmistakable tendency toward a diminution of prosperity is noticeable in practically all the other German industries, which in the near future will be affected by the same wave of bad fortune. This termination of

the unparalleled period of industrial success which Germany has now been enjoying for several years has long since been foreseen on the German bourses, so that capitalists whose money was invested in industrial undertakings have had time to make adequate preparations for the approaching depression.

Even German papers recognized the trend of affairs, as the following extract from the commercial columns of the *National Zeitung* (Berlin), printed during the very month when those threatened maximum duties were to be applied to American exports, will show. It said:

The period of great prosperity is at an end. The Düsseldorf Iron and Steel Exchange, by the laconic bulletin it has recently issued, puts this fact beyond all doubt, and stamps with official authority all the forebodings as to an approaching decline in German industrial prosperity. The Düsseldorf Iron and Steel Exchange was the last quarter from which we should have looked for this frank avowal of its commercial decline. The reports hitherto issued have declared that the wave of industrial prosperity was permanent and the iron market was a fixed reality. But all concealment is now at an end. It is admitted, even by this authority, that the future is uncertain, and that the period of great prosperity, which has lasted for five years, comes to a close in 1907.

That these opinions were not without foundation is shown by a news item from Berlin under date of December 4, 1907, respecting the many immigrants returning from the United States and the alarm felt lest they would "entirely glut" the already overcrowded labor market in Germany. It said:

Labor organizations are greatly troubled over the prospect of an influx at a time when the question of employment is acutely difficult. Commodities, even the barest necessities, are rising to almost famine prices. It was stated at a meeting of the municipal council of Schoeneberg, a suburb of Berlin, last night, that there were 30,000 skilled and 35,000 unskilled workmen idle in Berlin alone. A proportionate number are idle in other industrial centers and in the farming regions. The trades unions have already been compelled to cut in half their doles to the unemployed. Similar conditions prevail in Austria, to which country more American emigrants have returned in a fortnight than departed. The prices of food are rising.^a

Friends of Germany aver there was no danger of such war.

Even if conditions had been better in Germany than as above described, it is plain from the following views that the fear of a tariff war was much magnified if, in fact, there was any basis for it at all.

A commercial paper which loses no chance to attack the protective system, and which has been the chief mouthpiece for German representatives and the German cause, in an editorial said: "Neither the manufacturers of Germany nor their workmen could afford to dispense with the raw material and the foodstuffs which they have been accustomed to buy from the United States."

In a recent article Herr Max Goldberger, a privy counselor of the German Imperial Government, said: "Serious men in both countries do not for a moment think that Germany and the United States will

^a The foregoing statements are enforced by the following item from a recent number of the *London Economist*:

"The signs of business decline in Germany are multiplying and are growing visibly more serious. The most significant index to the situation, perhaps, is to be found in the report of the Steel Works Association for December, which was issued several days ago. It shows a surprisingly heavy shrinkage of business in steel material for further manufacture and in structural forms. A steady decline in the employment of labor is another most significant phenomenon of the day."

wage industrial war upon each other. Germany and the United States must compete with each other in peaceful fashion, for each is an excellent customer of the other, whose trade, if withdrawn, would inflict immediate and serious injury."

If these maximum rates had been imposed July 1, as threatened, how long would they have been enforced in the face of such conditions? Even under normal conditions, Germany could not have afforded to take part in a tariff war with the United States, and we believe she had no intention of so doing.

Germany is not a self-sufficing nation.

Germany's population is increasing at the rate of 1 per cent a year, a rate exceeded by that of the United States only, the productive capacity of her agriculture being totally inadequate to supply her increasing needs. Nor can she secure sufficient foodstuffs from the several countries with which she has concluded treaties of reciprocity to fill her wants. Austria, Hungary, and Italy need their own products to maintain their population, and Russia, whence Germany has drawn heretofore a portion of her supplies, is in no condition to support her starving peasants and her industrial workers, much less to send increased exports to Germany to supply any deficiency in her crops or decreased importations from the United States, if you please, granting full weight to the extreme statements of those who regarded the imposition of the maximum duties to American products as imminent.

With the Empire unable to provide food for the rapidly increasing numbers of her artisans save by importing supplies from this country, with the cost of living increasing at an alarming rate, with the industrial prosperity receding and the necessity of keeping the industries of the country in position to furnish work for these same artisans, were the extreme statements of those who professed a fear that Germany's maximum duties would be applied to American exports justified? Under the conditions existing would a wise government (and we presume it will be conceded that the German Government is wise) have taken the threatened step? And if taken, how long could the industrial captains have resisted the demand for higher wages which, in view of the greater cost of living, would surely have been made? How long, with the increased cost of production, could the manufacturers have enlarged the export of manufactures which must be sent abroad to pay for imports? The trade relations of the two countries have been examined so frequently and so analytically that it is unnecessary at this time for us to do more than remark that the exports of Germany to the United States are nearly all manufactures (which have been increasing under our present tariff and the customs administrative law, some portions of which have been so strenuously denounced by the President and Chairman North), while the exports of this country to Germany are nearly all raw materials for German manufactures or food products, such as flour, corn meal, biscuits, oils, oleomargarine, and lard, classified by the census as products of manufacture. It is sufficient to ask whether Germany could have got along as well without our exports as we could without hers in case worst had come to worst and a tariff war had been declared, which few now think would have been done.

Certificates of value by chambers of commerce.

Mr. North lays much emphasis on the great point gained by the American commission when the Germans agreed that German chambers of commerce in the district where the goods originate shall grant certificates which will officially guarantee the correctness of the "export price" given in the invoice. These certificates are to be accepted as "competent" (not necessarily conclusive) evidence by the customs officers and the general appraisers—a protection against individual fraud, which, he writes, "has never heretofore existed." It is hardly possible to think of the German exporter actually fighting for a chance to protect us against individual fraud and even urging the Government to go to the length of threatening a tariff war to gain that privilege.

How the German exporter views our laws and procedure.

A different feeling on the part of the German exporter is shown by the following quotations from the speech made behind closed doors by the chairman of a commercial gathering in Berlin in October, 1905. These were all available to the commission before their departure from this country on their mission. How kindly disposed this eminent person (Secretary Shaw vouched for his prominence) was to assist the United States officials to get correct values can easily be seen. Complaining of the administration of the tariff law "in which is concealed the power and purpose to make entry of certain competing articles as difficult as possible," he declared that "the United States Government agents resort to the meanest and smallest measures." Then, citing specified complaints, he said:

The first of these is the certification of the invoices by consular officers stationed in various districts of the Empire; second, the investigation by customs officials as to the correctness of statements in the invoices which have not the force or effect of an oath in the German Empire; third, the reexamination in cases where there is reason to doubt values by agents of their Treasury Department, and, fourth, of the high penalties for undervaluation.

Treating of market value, he remarked:

Market value, as defined under American law, is the wholesale price at the time of export, and our trouble lies in having two sets of prices, one for export and the other for home trade. We have to resort to a division of shipments under the so-called \$100 clause to keep our matters secret, save fees, and avoid control on that side.

In speaking of declarations in the invoices "compelling all sorts of statements as to how goods were obtained, * * * values in detail," etc., he continued:

These things all lead to abuses, and we are promised that the means of gaining information through American consuls and agents will be shut off. Our boards of trade are fully awake to the dangers that surround us, and in making every effort to close the doors against this abuse they are hoping for the whole support of the Government.

Experience has taught that the workings of paragraph 8 of the Dingley tariff has not fulfilled the purpose for which it was enacted, but, on the contrary, the information gained under this regulation concerning costs of production has been so defective that in many cases it has been misleading, because through the prudence of our officials we have taken care that investigations of this character shall throw little light upon the actual value of their consignments.

In many cases trouble has been avoided by having invoices consulated remote from districts in which the goods are manufactured, but we must follow up this whole question as to the rights of consular or other officers to pry into our business, * * * and in this we are assured of the cordial support of our Government. Such treatment on the part of American officials and the cause for it is plain, and now that concessions must be made by the American Government, if we stand together firmly as a body aided and supported by our boards of trade we can bring about a change that will be of untold benefit to our American export trade.

These men or their predecessors, undervaluers for twenty years or more, have not regarded it and do not now regard it as improper to deprive our Treasury of the tariff duties as written in the statute books of the nation. They have not hesitated to act on the advice, freely and unblushingly given in their trade journals and by their prominent spokesmen, to conspire to evade, by all means possible, the laws of this country. If the results are to be what Mr. North says they will be, and what all interested in honest dealings and obedience to the law wish them to be, one can not help but wonder at the universal and exceptional anxiety of these German consigning exporters for an agreement making it well-nigh impossible for them to escape the rigors of the law they have been antagonizing for many years. It is marvelous that these men, convicted decades ago by unbiased investigating committees of gross undervaluations (which, Mr. North impliedly admits, are still committed, but which, he argues, will be stopped by the new agreement), should urge their Government to the point of demanding an agreement which will deprive them of their illicit gains.

This seems to be an anomaly.

Imagine men holding such views, demanding a "change which will be of untold benefit to the American export trade," fighting for a chance to protect this Government against fraud! Fancy chambers of commerce, "fully awake to the dangers surrounding them," and through whose officials the German consignors have taken care that "investigations should throw little light" upon the actual value of their consignments, consumed with a burning desire to act as a protection against individual fraud upon the revenues of the United States! It is difficult to understand how the composite honesty and integrity of these "quasi official," "semiofficial" chambers of commerce can be much, if any, higher than the average honesty of the average member, who, if the extract quoted represents his feeling, was not strongly in favor of regulations providing for control on this side. If the concessions made (corresponding closely as they do with the specifications set out in the various remarks we have quoted) are to put a stop to individual fraud, or are to be even a protection against it, one does not readily understand the reason for Germany's alleged belligerent position.

If these chambers of commerce are to furnish evidence of absolutely correct values; if the values are to have the stamp of official approval, why did the commission provide that their certificates should be only "competent" (not necessarily conclusive) "evidence?" That provision shows either that the Germans did not understand the distinction between competent and conclusive or that the certificates of these chambers of commerce were not expected to be what Mr. North

writes they will be—"the guaranty not merely of the chamber, but of the Government itself. He adds, "If they (the accredited special agents) have reason to question the accuracy of a chamber of commerce" over which the Imperial Government exercises the minutest supervision and of which Government the chamber is a part—"if they have reason to question the accuracy of a chamber of commerce certificate, they will have the right to ask that it be verified." If this official chamber, a "part of that Government," gives an inaccurate certificate, the agents will have a right to have the other part of the Government verify it. We dissent strongly from this idea of the efficacy of these certificates. In our view the provision, as worded, will do no harm to domestic interests so long as the appraisers follow the directions given them by Assistant Secretary Reynolds, of the Treasury, that "the United States did not mean to acknowledge foreign chambers of commerce as final authority in fixing export values. Their opinion is to be taken merely as evidence competent to be considered by the appraisers in their examination of commodities." This advice they have since followed, having thrown aside such certificates as of little value, if any, in determining questions before them. But if the certificates of these official bodies, "part of the Government," are to be treated with such lack of consideration (and the commission must have known they would be if they were not to be accepted as "conclusive"), why was such a chance given for misunderstanding and cause for complaint in the future? If the "backdoor" operations of the special agents were to be stopped for our benefit, although their methods were distasteful to Germany, why was this loose provision inserted? For it will be difficult to avoid unpleasantness with the German Government if its certificates are to be accepted as of no more worth than the testimony of any merchant witness. The commissioners can not now claim that they did not comprehend the exact status of these chambers of commerce, for Mr. North asserts "they are part of the Government" and argues that the chambers would not think of issuing false certificates of value. Instead of clearing away causes of discontent, the commissioners by this stipulation have added fuel to the flames.

What are German chambers of commerce?

Officials differ so radically in their statements as to their character that after each utterance the mystery deepens. The President says the German chambers of commerce are "quasi-official;" Secretary Straus says they are "semiofficial;" Mr. North says they are "part of the Government," while Commissioner Stone, "tariff expert of the Department of Commerce and Labor," differs radically from his fellow-commissioner as to the function of the chambers and agrees with Secretary Straus as to their status, for he says: *

The chambers of commerce are semiofficial bodies whose functions and activities are strictly regulated by law. They are representative bodies consisting of men elected by the manufacturers and wholesale dealers in each district. Membership in the constituent body of the chamber of commerce is compulsory, and whether a business man takes part in the election of representative members of the organization or not he is required to contribute his share to cover

* See pamphlet entitled "Promotion of foreign commerce in Europe and the United States," by N. I. Stone, p. 14.

its expenses. * * * The chamber of commerce serve as the medium through which confidential information as to trade openings abroad is communicated to manufacturers and exporters. It is to these bodies that German business men resort whenever they have any grievances to which they desire to call the attention of the Government. The chambers are especially valuable to the Government as sources of information which comes directly from the business interests involved.

Which does not support the statement that they are "part of the Government," and the inquirer is embarrassed by the conflicting and contradictory statements of the two commissioners.

If the chambers of commerce are "part of the Government," which we doubt, then the commission, instead of allaying antagonisms and irritations which were said to exist, increased the opportunities for such irritations and misunderstandings. If they are not "part of the Government," which we believe, the provision that their certificates should be merely competent evidence was not improper; for it is inconceivable that anyone would agree to permit men, chosen by foreign manufacturers and wholesale dealers, to be the final authority in fixing export values. This provision seems to be harmless when the language is strictly construed, but difficulties will be encountered if Mr. North's explanation of its meaning is accepted, and we do not wonder that there is some dissatisfaction over it in Germany.

These provisions are contradictory.

Mr. North contends that "opportunities for the special Treasury agents to obtain evidence of undervaluations have not been lessened by the agreement that they shall be accredited to the German Government, but, on the contrary, their power and authority in this respect have been enormously strengthened and increased," this provision, in his opinion, being "another long step in the direction of the prevention of undervaluation"—more effective than any law Congress can pass for that purpose. "Instead of getting information by the back door, as heretofore, they will enter and leave by the front door. I anticipate that they will be given every facility to find out that the German people, as a rule, are just as honest and as high-minded in their commercial transactions as are the American people."

But the question arises. Why must provision be made for special agents if the certificates of these chambers of commerce are to be official guaranties by a "part of the Government" of "the correct and honest price?"

Think of the necessity of providing that "these officers sent abroad," as ex-Assistant Secretary Hamlin has well said, "to examine suspected undervaluation schemes shall be personæ grata to the very persons they are sent to investigate, and that they shall be recalled whenever their presence ceases to be agreeable to the exporters!"

If under this agreement we are to have valuations never so honest and accurate, why did the President promise to urge Congress to amend the law (which he has since done) to provide for a 10 per cent undervaluation without penalty? Why the necessity for this provision, if the value of merchandise imported from Germany is to be surely ascertained and knowledge of such valuation is to become "world-wide?" Why give this demoralizing privilege to a class of men who have been taught that it is not only not immoral but not

even "incorrect" to undervalue German goods for the purpose of entry into American ports and who became notorious for their frauds upon the revenue complained of so bitterly in the eighties?

Consider these two contradictory provisions of this agreement and tell us, if the true value is to be so certified, why a right to undervalue up to 10 per cent must be written in the law. Think of providing that the German chambers of commerce shall certify "the true values" of exports and the President promising to recommend an amendment to existing law that will permit undervaluations up to at least 10 per cent without penalty.

Abuse of special agents—Their work in the past year.

These special agents, through whose indefatigable efforts much smuggling and many irregularities against our laws have been unearthed and prevented, come in for an additional "fling" from the President, who characterizes them as "detectives" whose employment, "though often necessary, tends toward abuse." It may not be necessary to employ special agents at all, as far as our actual knowledge of this service goes, but it is hardly to be expected that a body of men like the chairman of the Berlin meeting, whom we have quoted, will fall over one another in their efforts to furnish information to those officials, now that they must be personæ gratae to the German Government. They may do so; but we have a suspicion that, in the future as in the past, through the prudence of their officials, investigations will throw "little light upon the actual value of their consignments." That there is still need for the services of these men who "get their information by the back door" may be gathered from the recent report of the Secretary of the Treasury, who, after nine months' experience in his position, wrote to Congress: "

Special agents of the department have been actively and effectively employed during the last fiscal year in the prevention and detection of frauds on the customs revenue through undervaluation and irregular classification, as well as in the suppression of smuggling. They have cooperated with collectors of customs and appraising officers in all parts of the country and with the Board of General Appraisers, submitting information as to values. In many instances it is due to their efforts and their information that advances in value have been made by the appraising officers and such advances sustained when the cases came for final decision before the Board of General Appraisers. In the aggregate these advances have been large and the revenue from customs much increased thereby.

Did the President exceed his powers?

While the agreement concerning the open hearing was misapprehended, there was still greater "misunderstanding" not only on this side, but by the Germans also, concerning section A, defining market value and construing provisions of section 19 of the customs administrative act. The agreement provides that the "export price" shall constitute market value where the goods in question are made wholly for export and not sold at home "in the usual wholesale quantities packed ready for shipment to the United States."

It has been claimed that this clause of the agreement alters not only the Treasury regulations but the existing law. If that be true, then

^a See Report, p. 53.

the President had no right to alter the law without the consent of Congress. In answer to this objection the President says that the method adopted for determining the actual market value of goods is in accordance "with what I am advised to be the true construction of the law."^a Mr. North says that this interpretation of section 19 was submitted to the Attorney-General and by him decided "to be wholly within the letter of the law. Those who contend otherwise can not have carefully read section 19."

Without entering into an examination of the sections involved or making an argument against the right contended for, it will be sufficient to quote the opinions of several good lawyers in opposition to the construction insisted upon by Mr. North. The mere fact that, in the opinion of the Attorney-General, this interpretation of section 19 is "wholly within the letter of the law" does not make it so. Attorney-Generals have been known to be wrong in the past in their views of the law, and it is within the range of possibilities that the present incumbent may be mistaken; for he is not so great a lawyer as to inspire the utmost confidence in the finality of his construction of any legal question. It was perfectly proper for the President and the commissioners to be guided by the opinion of their legal adviser; but it does not follow that all who dissent must accept his view of the law. It may excuse the commissioners for negotiating the agreement and the President for approving it, but it is not necessarily conclusive as to the correctness of the construction.

While the Attorney-General advises that the President had the right to make the alteration complained of, the Hon. Charles S. Hamlin, one-time Assistant Secretary of the Treasury under the Cleveland administration, and an attorney having quite as good professional standing in Boston as the Attorney-General has in Baltimore, dissents vigorously from that view, calls the President's action unconstitutional, and declares that he has "repealed some of the most important parts of the act of Congress known as the customs administrative act, which for about seventeen years has been a portion of the law of the land."

The Hon. John S. Wise, a reputable lawyer of the New York bar and a man of undoubted ability, has given the following opinion respecting the President's right to do what he has done. Mr. Wise says:

By the third section of the Dingley Act power was undoubtedly granted to the President to enter into negotiations with foreign governments exporting the enumerated articles to the United States, with a view to the arrangement of commercial agreements, in which reciprocal and equivalent concessions may be secured, etc. And it was further declared that, whenever such government should enter into a commercial agreement with the United States, etc., which, in the judgment of the President, should be reciprocal and equivalent, he was authorized and empowered to suspend, during the time of such agreement, by proclamation to that effect, the imposition and collection of the duties mentioned in the act on such articles, and thereupon and thereafter the duties levied, collected, and paid upon such articles were to be as described in section 3, at the alternative rate mentioned in section 3.

That was the whole power of the President. There is not a word in the act authorizing him to make any agreement with any government concerning the method by which the valuations on the imported articles were to be ascertained as a basis for levying the duty.

^a See annual message to Congress, p. 61.

The commercial agreement entered into by the President on behalf of the United States with Germany does something more than agree upon the alternative and reduced tariff rates of duty.

Article 2 expressly adopts, as part of and consideration for the agreement, an undertaking to assume by the President, on behalf of the United States, certain modifications of the customs and consular regulations set forth in the annexed diplomatic note. That diplomatic note (par. A), which is to be read in the agreement as part of it, provides that whenever goods, etc., sold wholly for export can not be valued on the basis mentioned in section 19 of the customs administrative act, another rule of valuation shall be substituted to ascertain the market value, to wit: That "market value shall be construed to mean the export price." The export price must, in the nature of the case, be the price at which the goods are invoiced to their consignee in the United States. It must be an arbitrary sum. It would not be a price unless it was a fixed figure. It is fixed by a mutual agreement between vendor and vendee. It leaves nothing to be ascertained but the fact of price fixed upon, and is compulsory upon the government agents in assessing the tariff duty.

Had the President a right to do this? There is nothing in the third section of the tariff act extending his powers to any such subject. His power was exhausted under the guarantee of the third section when he fixed the alternative rate by the commercial agreement. If any power to adopt this arbitrary basis of market value existed anywhere it was in the Secretary of the Treasury under his power to make treasury regulations. If the regulation he made was valid, the commercial agreement could carry it out. If it was invalid, the commercial agreement could not validate it.

It seems to me that neither the Secretary of the Treasury, nor the Secretary of State, nor the President had any authority to determine or to instruct their subordinates to construe the act so that the export price should determine the market value.

The eleventh section of the customs administrative act, as amended by section 32 of the act of July 24, 1907, prescribes a method of ascertaining and determining the market value, where the conditions named in section 19 fail, which seems to me to be complete and exclusive of any other method. It seems to me that this construction, agreed upon by this commercial agreement, abrogates the legal method of ascertaining market value, as defined by section 11, repeals its provision, and substitutes a new and inconsistent method of ascertaining market value for the complete method supplied by section 11.

This action falls within a rule long recognized and repeatedly adjudicated, that no action of any department of the Government which in effect repeals an existing law and substitutes something else for it is legal. If I am correct, so much of the commercial agreement as adopts this rule is illegal, null, and void.

If this rule to ascertain market value is to stand, it would seem to take away from the general appraisers all the powers conferred upon them by section 18 of the customs administrative act.

The question reduced to its last analysis is:

1. Had the President a right to make this commercial agreement?

To that I answer "yes."

2. In doing so, had he the right to alter a mode of appraisement applicable to all imported goods, whether they come in under commercial agreements or not, prescribed by sections 19 and 11 of the customs administrative act?

To that I answer "no."

Nothing is said in any law of power in the President to alter the prescribed mode of ascertaining values of goods imported. Until I am shown such, I am of opinion that in attempting to do so he has exceeded his authority.

It will be observed that Mr. North, in contending that the President when ordering the change "was wholly within the letter of the law," relies alone upon section 19; on the other hand, Mr. Wise, in reaching an opposite conclusion, bases it upon both sections 11 and 19, the former of which Mr. North ignores or overlooks.

We are not arguing for the incorrectness of the view held by the Attorney-General or for the correctness of the view of Mr. Hamlin or Mr. Wise; but it is plain that, with such divergence of opinion, all can not be right, and in our opinion there is just as much chance of the Attorney-General being wrong as the others. In view of these

different opinions held by capable lawyers, we dissent strongly from Mr. North's positive statement that "the administration has agreed that hereafter it will consent to construe its customs administration law in accordance with 'its terms.'" Because the President has been so advised does not make it so, and Mr. North's position will be denied and contested until the Supreme Court decides otherwise.

If to our great advantage, why the scramble for like privileges?

In view of Mr. North's contention that the agreement is to be of inestimable value to the United States and of so little value to Germany, one marvels at the scramble among foreign countries to be permitted to give still more advantages to us; for soon after the German agreement became known various European powers, fearing that the concessions were exclusive, were clamoring for a chance to share in the good things Germany, in their opinion, had secured, and Secretary Root announced that they would be extended as a "free gift" to every country "which can comply with the conditions under which they were granted to Germany;" meaning, no doubt, that all countries in which chambers of commerce are "part of the government" would be extended the same concessions.

Difficulties arise.

England, our best customer, was soon "stirred up" over Secretary Root's further announcement that "it is impossible to accept any statement by a British chamber of commerce as evidence of value of goods exported, as is the case with the commercial bodies of Germany and France, as the latter are quasi official, while the British bodies are nonofficial." This was regarded by the British people "as a gratuitous slight and as a distinction inspired rather by a desire to hamper British trade than by a genuine belief that the valuations of the chambers could not be depended upon." A protest was made against that distinction and the President, together with the Secretary of State, seeing that it would be impossible to apply two different sets of customs regulations to the imports from different countries, reversed this ruling, and within a few days another announcement was made, this time to the effect that "certificates of invoices of shipments of British goods to America, issued by chambers of commerce, will be accepted by the Treasury officials on the same grounds as arranged in the German-American tariff agreement." And why should not the British exporters, who have never been undervaluers on the scale set by the German consigning exporters, object to the distinction drawn against their chambers of commerce, composed surely of men of as high moral character, honesty, and integrity as are the German bodies?

Who are the President's experts?

Respecting certain of our methods of administration which have been the cause of much complaint on the part of German exporters, the President, in his annual message to Congress, said: "I became satisfied that certain vicious and unjustifiable practices had grown up in our customs administration, notably the practice of determining

values of imports upon detective reports, never disclosed to the persons whose interests were affected. Under our practice as I found it to exist in this case the abuse had become gross and discreditable. * * * In the judgment of the most competent experts of the Treasury Department and the Department of Commerce and Labor, it was wholly unnecessary for the due collection of the customs revenues, and the attempt to defend it merely illustrates the demoralization which naturally follows from a long continued course of reliance upon such methods."

This tirade against "the practices which have grown up in our customs administration" is based, the President writes, upon his "investigation" and upon the judgment of experts, who, in giving this opinion, are in opposition to the majority of the general appraisers; but he vouchsafes no names that we may know their experience and their fitness for giving such opinion and such advice. No such conclusion as the President says he reached can be based on the testimony of the Secretary of the Treasury or the United States officials as given to the Committee on Ways and Means in February, 1906, when they were investigating this whole question. It is to be regretted that in view of so much adverse testimony then given Congress could not have been informed who these men are that know more about the custom-house practices than the Secretary of the Treasury and the general appraisers.

The agreement was made first; information was sought later.

Notwithstanding the confident tone of the President, a slight experience under the agreement served to show that the opinion of the office experts in Washington and the views of "the competent experts in the operation and administration of the customs tariff" were not quite equal, after all, to that of men dealing every day with importation, and in September it was deemed necessary to send abroad another commission, consisting of Assistant Secretary Reynolds, of the Treasury, and General Appraisers De Vries and Waite, charged with the duty of making a thorough investigation of export prices and market values, for, it was stated, "within the few months between July and September, it had become apparent that determined efforts were being made abroad to enter goods into this country at the export rates rather than at the regular foreign value." The whole attitude of the commission, it was also stated, "was to be that of seeking light on a subject which has been giving much trouble to the customs tribunals, with the idea of suggesting such reforms as may be deemed necessary."

In addressing the members of the American Chamber of Commerce in Paris, Mr. De Vries remarked that the commission had gone "to France to study the organization of French chambers of commerce. Upon the signing of the German agreement, and after its extension to France and other countries, the Board of General Appraisers and the Treasury Department naturally desired to know the manner in which these chambers of commerce were constituted for the purpose of arriving at the weight which should be attributed by the board to the findings and certificates of these commercial bodies."

Certificates from official and unofficial bodies on an equality.

Secretary Reynolds and his commission agreed with the British Government, according to a press dispatch, that "the Board of Trade shall investigate the local boards of trade and chambers of commerce and recommend those which it considers competent to undertake the work of certification." The effect of this arrangement is that these "commercial bodies," which, according to Secretary Straus, "are unofficial, very much the same as over here," have been given the same right to issue certificates of value as the German bodies which Mr. North says are "part of the Government." In view of this concession, what becomes of the effect of his assertion that the German certificates, because they are official, are to be a "protection against individual fraud which has never heretofore existed?" If the protection is secured in Germany because the certificates are given by a "part of the Government," what protection is there to be in the case of English certificates given by commercial bodies which are "unofficial, very much the same as over here?"

Was wisdom shown in the negotiation?

All of which suggests the inference that the President and the Secretary of State, when they authorized the negotiation of the German agreement, did not see all the difficulties involved in the questions in dispute. If they had, it goes without saying that the President might have been more circumspect and cautious in his denunciation of the "vicious and unjustifiable practices which had grown up in our customs administration;" and the Secretary might have pictured in less glowing colors the great benefits which were to flow to us from the agreement.

The sending of the second commission to seek light after the agreement, under which the trouble arose, was signed and promulgated, reminds one of the man who locked the stable door after the horse was stolen. In our view it would have been wiser to seek light on the troublesome subject and receive suggestions of needed reforms (if any were needed) before sending the first commission to conclude an agreement with Germany. If the first commission put "our commercial intercourse with that nation on an honorable, dignified, and self-respecting footing of international comity," why was the second commission necessary?

Misunderstanding still exists in Germany.

It seems now that the Germans insist upon an interpretation of certain sections of the agreement decidedly different from that taken by some of our officials. Mr. Ludwig Max Goldberger, a privy councillor of the German Empire, in a carefully prepared article recently published, contends that "market value" in the agreement means "export value," "the provision being valuable in that it establishes a standard." Mr. Goldberger glories in the fact that Germany is a "consigning nation;" which he regards as "a perfectly legitimate and unimpeachable business." He notices an address President Roosevelt is alleged to have made to the Textile Importers' Association and criticises some of the statements said to have been made, declaring

them to be by no means "free from recklessness and error." It is not pleasant for us to criticise the words or actions of the President, but it is much less pleasant to have the Executive accused by a representative of a foreign power of making statements "by no means free from recklessness and error."

What Germany wishes to force.

What Germany wishes is not a temporary agreement "attacked by strong interests in the country or one whose validity may be questioned," but a reciprocity treaty, which Herr Goldberger hopes will be permanent. This, he suggests, can be accomplished in one of two ways—either by adopting the recommendations of Mr. N. I. Stone, one of the members of the first commission, who proposes that article 3 of the Dingley law be so altered by Congress as to include a considerable number of imported articles in which states of different climate and yielding different productions have their interests centered, or (and this proposal Mr. Goldberger indorses) by modifying article 4 of the law so that without any time restriction the President may be empowered, with the assent of the Senate alone, to make reciprocity treaties upon a universal basis of 20 per cent duties. This, he declares, will not be an agreement but a "treaty which will live for a long time. Nothing short of a treaty can help us in Germany or you in the United States."

Disappointments have occurred and will occur.

Since the negotiation of a reciprocity treaty has been promised Germany, it is well to discover the professions of some organizations favoring such a convention. The Bulletin of the American Reciprocal Tariff League says, "standing for adequate protection to all our industries, it (the league) believes that the time has come for the trading off of duties no longer needed in exchange for valuable trading privileges to be granted us abroad." If some industries are so strong as completely to dominate the domestic markets and require no protection, or can dispense with "duties no longer needed," what would it benefit the rivals abroad to have them traded off? If foreign powers were lured into the making of a treaty on such a basis, would they not soon realize what this Reciprocal Tariff League has found out in respect to German minimums,^a that "the privileges granted do not enable them to export the goods?" And if the foreigners are enabled to export goods in quantities sufficient to gratify and satisfy them with the bargain made, would adequate protection be afforded all our industries? It seems plain to us that the league can not cling to its announced tenet of "adequate protection to all our industries" and at the same time "drive" for reciprocity treaties which trade off one industry for the benefit of another or some industries for the advantage of others. Trading off "duties not needed" is a snare and a delusion which is not likely to catch many victims abroad; and our experience with Germany, accepting as true the statement made by

^a Bulletin of the American Reciprocal Tariff League for November, 1907, p. 1.

the league paper, is not calculated to make many on this side of the water believe that we made a great bargain in our first attempt with that country.

Herr Goldberger offers gratuitous advice.

Like the Austrian manufacturer from Brünn, Mr. Latzko, who advised the Committee on Ways and Means during the framing of the Wilson bill, Herr Goldberger repeats gratuitous advice given on a former occasion, which, he hopes, will not be "unpalatable to Congress." In part, he says:

It is also my opinion that the producer himself on calmer reflection, as soon as the years have brought hard times, which are never far off even in countries of unlimited possibilities, will arrive at the conclusion that a steadier and sounder policy in foreign trade, such as the ever-increasing flood of industrial activity demands, can not be maintained and developed merely by framing tariff and commercial treaties valid for many years, but only by the abolition of an insecure and prohibitive protection system, which does not benefit the people in general, but only promotes to an inordinate degree the plans of a single group of men who are interested in its maintenance.

This privy councilor joins the chorus of that ignorant choir who constantly sing the refrain, "prohibitive tariff." It is amusing, coming from a German, inasmuch as the value of partly manufactured goods imported yearly into the United States exceeds by \$25,000,000 the value of the same class of goods imported by Germany, while the value of wholly manufactured goods exceeds by \$126,000,000 the value of those imported by Germany, and exceeds by \$65,000,000 those of France and Germany combined. "Prohibitive protection system," forsooth!

It does not lie in the mouth of any German to complain of the American tariff or falsely to characterize it as "prohibitive," when, in the year 1905, Germany imported a not a pfennig's worth of fabrics of silk or wool, while her exports of silk fabrics were valued at \$35,557,200 and her exports of wool fabrics at \$69,900,600; nor a farthing's worth of clothing, while her exports were valued at \$27,298,600; nor a penny's worth of aniline dyes, while her exports were valued at \$23,966,600. This exclusion of foreign products in these various lines may have been due to "prohibitive" tariff rates for aught we know, or to a cost of production which was so low as to accomplish the result. Whether it is due to the one or the other, or to both, matters not; for were the markets free, what would it profit us if we found ourselves unable, by reason of greater cost of production, to compete with the highly developed German industries in their home markets? We challenge anyone to cite any similar schedule or any schedule of our tariff which produces the results in our markets that are to be found in the German figures of foreign trade for 1905.

If European countries fail of access to Germany's markets, could we succeed?

Neither Austria-Hungary, Italy, Servia, Roumania, Switzerland, Belgium, nor Russia, her continental neighbors, with which countries Germany has reciprocity treaties, nor Great Britain, the greatest exporting nation of the world, sent her a mark's worth of

* See Monthly Consular and Trade Reports, No. 317, February, 1907, p. 72.

silk or wool fabrics in 1905 (these being the latest figures at our disposal), and there is no reason to believe that they have succeeded any better during any year since. She imported of bicycles and parts not a penny's worth, while her exports were valued at \$7,092,400; of manufactures of copper, including brass, she imported none, while the value of her exports was \$11,566,800; of iron and steel and manufactures thereof her exports were valued at \$180,213,600, her imports of the same class being but \$18,730,000, and all machinery, a portion, no doubt, being textile machinery, in the manufacture of which Germany as yet does not hold a preeminent position. The story is the same in leather and leather goods—no imports, and exports valued at \$31,439,800—and the list could be extended if there were need. But enough have been given to show that if Germany's European neighbors, with the benefit of lowest rates under reciprocity treaties and with lower cost of production than the United States, failed to gain access to her markets in the classes of manufactures enumerated, surely no better results can be hoped for by us, if given the minimum rates also.

Neither side seems wholly pleased.

This temporary agreement wholly pleases neither Germany nor the editors of the American Reciprocal Tariff League Bulletin, who have said:

"Now, it is entirely true that the temporary agreement which has received the sanction of the administration is not exactly what our people want. Indeed it is far from it. * * * As a matter of fact Germany's minimums on many of our products are too high to enable us to export the goods."* Two years ago we pointed out that these irreducible minimums on agricultural products and provisions were inserted in the German tariff at the demand of the agrarians, and that it was futile for these reciprocitarians in the United States to hope for great things from a "trade" with Germany. Now, after an agreement, under which, as Secretary Root says, 96.7 per cent of our exports to Germany have the benefit of the lowest tariff rates, these insistent agitators confess that the minimums are still "too high to enable us to export the goods." Although we get so much and Germany so little from this agreement we find that even those who vehemently favored the agreement and applauded its negotiation are now dissatisfied with the results obtained, which avail them nothing.

Compare the foregoing with the glowing announcement made by President Saunders of the league upon his recent peaceful invasion of Washington that "\$75,000,000 of foreign gold will be one of the first fruits of reciprocity treaties with France and Germany." Was this intended for consumption by the credulous public, and the other to express the true feeling of disappointment entertained by the editors of the league paper? Which is to be accepted as true?

The most objectionable features of the agreement.

But some of the most objectionable features of this agreement have not been touched upon thus far. We regard as the most dangerous feature of the agreement the implied promise of the President

* Bulletin American Reciprocal Tariff League for November, 1907, p. 4.

to negotiate a reciprocity treaty and his absolute promise, in the diplomatic note of Secretary Root to the German ambassador on May 2, 1907, to recommend to Congress the enactment of an amendment to section 7 of the customs administrative act of June, 1890, to provide that

if the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry by more than 10 per cent, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of 1 per cent of the total appraised value thereof for each 1 per cent in excess of 10 per cent that such appraised value exceeds the value declared in the entry.

Which means that undervaluations of 10 per cent will be allowed, and the invitation will be unanimously accepted.

The promise is against advice and experience.

This promise was made contrary to the advice of the chairman of the Committee on Ways and Means,^a who, at the hearings already referred to, said: "The law of 1890 contained a provision that unless there was a difference of 10 per cent there was no penalty. We changed the law afterwards and we did it because of the representations of the Treasury Department and of the appraisers and everybody else connected with it, that dishonest importers could take their chances on 10 per cent of fraud because it amounted to that in relation to the revenue; and it got to be almost the universal practice of a certain class of importers to guess 10 per cent below the actual value because it did not harm them any, as they simply had to pay duty on the real value."

Reasonable suggestions were spurned.

Secretary Shaw suggested to the Ways and Means Committee, as one of the "gentlemanly concessions," that the penalty be remitted in every case when the undervaluation is less than 5 per cent and the Secretary of the Treasury be given the power to remit the next 5 per cent upon the recommendation of the Board of General Appraisers—the first of which seems to be reasonable enough, perhaps, taking into consideration the difference of opinion among experts as to values.

The amendment suggested by General Appraiser Fischer^b provided that when the increased valuation did not exceed 5 per cent the penalty should be remitted if the general appraiser or Board of General Appraisers should certify that the increase was due to trade conditions only and was not an intentional undervaluation. This, he felt, would "protect the honest merchant and punish the other class."

But the President ignored this testimony and, in ignorance, let us say, of the iniquities practiced under the law of 1890 and previous laws, agrees to return to conditions which were intolerable.

In this day of great specialization (when no one man understands the whole of any modern business, much less the whole of all businesses) would it be wise to intrust the negotiation of a complete rec-

^a See Hearings, p. 24.

^b Ways and Means Hearings, 59th Cong., 1st sess. (1906), p. 67.

iprocity treaty involving the manifold interests of our various industries to a man and his advisers who have agreed to make a recommendation such as the foregoing or a man who writes that "there **must always be as a minimum a tariff** which will at least make good the difference in cost of production here and abroad; that is, the difference in the labor cost here and abroad?"^a

Who agrees with him that "cost of production" is the same thing as the "labor cost?" If only that were considered, what would become of the countless other differences, such as higher cost of materials in some lines, higher charges for fuel, higher interest charges, higher taxes, and many other items proper to be considered in reaching the "cost of production?" In this day of close trading, with large sales and small profits, these alone in this country are sufficient to spell success when they are favorable, or failure when they are unfavorable.

This ill-considered and ill-advised compact would not, we believe, have been approved by Congress. By that body it would have been viewed in an entirely impersonal way; and, in our opinion, open discussion of its provisions and promises would have condemned it to the defeat it merited. It is a conspicuous example of the difficulties and dangers to be encountered continually if the power to alter existing laws is to be lodged in the hands of one man, no matter how brilliant he may be or how pure his motives; and it is justification, if one were needed, of the opposition, long declared by this association, to reciprocity treaties and similar agreements with other nations.

APPENDIX F.

Synopsis.

I. Importation by consignment and undervaluation have been complained of for nearly a century, the Hon. William H. Crawford, Secretary of the Treasury, sending a report to Congress on the subject January 19, 1818.

II. A margin of 10 per cent was allowed by the tariff laws of July 30, 1846, March 3, 1857, and June 30, 1864. Under them the importation by consignment, by which goods were entered at factory cost, thereby diminishing the duties, grew to formidable dimensions. The evils of the system were strongly pointed out by Stephen Colwell, member of the revenue commission of 1865-66.

III. In 1881, under section 2900 of the Revised Statutes, which continued the 10 per cent margin allowed by the tariff act of 1864, complaints of its evil effects became so numerous and persistent that the tariff commission of 1882 investigated the workings of the law and unanimously recommended the repeal of the section. As a substitute the commission provided for a variation of 5 per cent between the appraised and entered value.

IV. In 1884 the Hon. Charles J. Folger, Secretary of the Treasury, reported to Congress on the extensive undervaluation of imported merchandise which worked great injury to importers refraining from such dishonest practice. He submitted a bill which withdrew all margin for undervaluation and provided drastic penalties for all dis-

^a See annual message, 1907, p. 14.

crepancy between the actual foreign value of imported merchandise and the invoice value, but it was not acted upon by Congress.

V. In 1885 an investigation of undervaluations was made under the direction of the Hon. Hugh McCulloch, Secretary of the Treasury, by three special agents of the Treasury. They reported that the general practice of undervaluation was admitted. It had been successfully practiced for so many years that nothing short of legislation, it was thought, could suppress it.

VI. The Senate Finance Committee next undertook an exhaustive examination of the evil and, in reporting in 1889 against the margin of 10 per cent permitted by section 2900 and in favor of reducing the leeway to 5 per cent, declared the intention of the change to be to prevent the present habitual practice of undervaluing.

VII. A Boston committee of merchants and manufacturers, investigating the same question in 1886, reported in favor of reducing the 10 per cent margin to 5 per cent.

VIII. Even after the creation of the Board of General Appraisers by the act of June 10, 1890, the effort to prevent undervaluations was not wholly successful, the 10 per cent margin being a factor in the failure.

IX. In 1893 the Hon. John G. Carlisle appointed a committee, of which ex-Secretary Charles S. Fairchild was chairman, to report on the workings of the administrative customs act of June 10, 1890. They reported against the 10 per cent margin allowed by it and recommended no margin whatever for difference of opinion as to values.

X. Before the Committee on Ways and Means in 1896 General Appraiser Tichenor favored a reduction of the margin for undervaluation from 10 to 5 per cent, a limit prevailing in Great Britain and on the Continent.

XI. On March 17, 1896, the House of Representatives passed an amendment to the customs administrative act abolishing all margin for undervaluation and providing for additional duties at the point where the appraised value exceeds the invoiced value, changes suggested by the Secretary of the Treasury, the Board of General Appraisers, and the commission appointed by Secretary Carlisle. No action, however, was taken by the Senate.

XII. The margin of 10 per cent was finally taken away by the law as amended in 1897, the importer being required to state the correct value.

XIII. Complaint having been made that the amended act of 1897 was too severe, in 1906 when Germany was pressing for modifications and the Committee on Ways and Means was hearing testimony neither the Secretary of the Treasury, the general appraisers, nor any witness or bill before the committee suggested an unconditional return to the 10-per cent margin permitted by the act of June 10, 1890. Even the representative of the importers and the customs committee of the Merchants' Association of New York asked for only half that margin.

XIV. In spite of past experience under a 10-per cent margin its condemnation by commissions, committees, and Secretaries of the Treasury familiar with the wrongs committed under the privilege, the return to the old margin is recommended to Congress by the commission to Germany without furnishing a single reason for this reversal of policy.

XV. The privilege of undervaluation up to 10 per cent is especially advantageous to importers bringing into the country manufactures subject to an ad valorem duty. In cases where the statutes provide for dividing lines of value the rewards for undervaluation are most attractive, the injury done the honest importer and the domestic manufacturer is the most effective, and the loss to the federal revenue is the greatest.

XVI. Unless conclusive reasons for this retrograde step are furnished it would be unsafe and unwise to make the concession.

SHOULD THERE BE A 10 PER CENT MARGIN FOR UNDERVALUATION OF IMPORTED MERCHANDISE?

AN EXAMINATION OF THE QUESTION.

Carrying out his promise made in the diplomatic note of May 2, 1907, to the German ambassador, the President, in a special message to Congress on January 22, 1908, "earnestly recommended to the Congress the enactment into law" of an amendment to the customs administrative act to permit undervaluation of imported merchandise up to 10 per cent without the payment of additional duties for undervaluation. He added: "Besides promoting harmonious relations between the contracting parties to the agreement in question" (Germany and the United States), "I regard the proposed legislation as a meritorious measure for the improvement of our customs administrative act, the provisions of which are applicable to importations from all countries alike."

The changes urged by the President with which we are chiefly concerned in this investigation are to be found in section 7 of the administrative act, which, with the amendments made, would read as follows (the proposed changes being indicated by brackets for words to be stricken out and italics for those to be inserted):

SEC 7. That the owner, consignee, or agent of any imported merchandise [which has been actually purchased] may, at the time when he shall make and verify his written entry of such merchandise, but not afterwards, make such addition in the entry to *or such deductions from* the cost or value given in the invoice or pro forma invoice or statement in form of an invoice, which he shall produce with his entry, as in his opinion may raise *or lower* the same to the actual market value or wholesale price of such merchandise at the time of exportation to the United States, in the principal markets of the country from which the same has been imported [but no such addition shall be made upon entry to the invoice value of any imported merchandise obtained otherwise than by actual purchase]; and the collector within whose district any merchandise may be imported, or entered, whether the same has been actually purchased or procured otherwise than by purchase, shall cause the actual market value or wholesale price of such merchandise to be appraised; and if the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry *by more than ten per centum* there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of one per centum of the total appraised value thereof for each one per centum *in excess of ten per centum* that such appraised value exceeds the value declared in the entry, but the additional duties shall only apply to the particular article or articles in each invoice that are so undervalued, and shall *not be imposed upon any article upon which the amount of duty imposed by law on account of the appraised value does not exceed the amount of duty that would be imposed if the appraised value did not exceed the entered value, and shall be limited to [fifty] twenty-five per centum of the appraised value of such*

article or articles. Such additional duties shall [not] be construed to be penal, and *within the purview of sections five thousand two hundred and ninety-two and five thousand two hundred and ninety-three, Revised Statutes, and sections seventeen and eighteen, Act June twenty-two, eighteen hundred and seventy-four, and further shall* [not] be remitted, [nor payment thereof in any way avoided, except] in cases arising from [a] *unintentional or manifest clerical error*, [nor shall they be refunded] *but these duties shall not be refunded* in case of exportation of the merchandise [or on any other account,] nor shall they be subject to the benefit of drawback: *Provided*, That if the appraised value of any merchandise shall exceed the value declared in the entry by more than [fifty] *thirty-five* per centum, except when arising from *an unintentional or a manifest clerical error*, such entry shall be held to be presumptively fraudulent, and the collector of customs [shall] *may* seize such merchandise and proceed as in case of forfeiture for violation of the customs laws, and in any legal proceeding that may result from such seizure, the undervaluation as shown by the appraisal shall be presumptive evidence of fraud, and the burden of proof shall be on the claimant to rebut the same and forfeiture shall be adjudged unless he shall rebut such presumption of fraudulent intent by sufficient evidence. The forfeiture provided for in this section shall *only* apply to [the whole of the merchandise or the value thereof in the case or package containing] the particular article or articles [in each invoice] which are undervalued: *Provided, further*, That all additional duties, penalties, or forfeitures applicable to merchandise entered by a duly certified invoice, shall be alike applicable to merchandise entered by a pro forma invoice, or statement in the form of an invoice, [and no forfeiture or disability of any kind, incurred under the provisions of this section shall be remitted or mitigated by the Secretary of the Treasury.] The duty shall not, however, be assessed in any case upon an amount less than the [invoice or] entered value.

The proposal to allow a 10 per cent leeway we regard as a piece of legislation more dangerous to the business of honest importers, domestic industries, and the federal revenue than any made to Congress within the last dozen years, because if enacted into law it will turn back the wheels of progress for a quarter of a century and again grant opportunities for frauds upon the federal revenue, now needed for pressing wants, afford splendid opportunities for the immoral, if not the criminal, to flourish as the green bay tree, and drive out of the importing business the honest men engaged in it.

Mr. Root sees no danger.

We recognize that that is a strong indictment of a recommendation made by the Secretary of State and indorsed by the President, who, we believe, would not knowingly urge or recommend any piece of legislation the effect of which would be to give the opportunities we have recorded in the foregoing paragraph. It is not based, however, on any arguments of the writer, but rests upon the testimony of numerous competent experts and conclusions reached by many committees, two commissions, and at least four Secretaries of the Treasury, together with the Board of General Appraisers, who, coming into closest contact with imported merchandise, know most intimately the evils produced by the consignment of that merchandise, and the undervaluation practiced by those who make it a business to evade the customs of this country.

The President accompanied his message with a communication from Secretary Root under date of January 9, 1908, in which Mr. Root said:

The foregoing changes were carefully considered and approved by the representative of the Treasury Department on the American Tariff Commission sent to Berlin and have been unanimously recommended for adoption by the commission in its report.

I have the honor to express the opinion that the enactment of the proposed amendment to the existing law would not only strengthen the present good understanding between the United States and Germany in respect of the commercial relations, but would promote harmonious trade relations with other powers without, at the same time, prejudicing in any way the fiscal or economic interests of the United States.

The purpose of this paper.

It is to examine the country's experience with the undervaluation evil with which this Government has been struggling for almost a century, considering in this connection the opinion of Secretary Root with respect to the margin he urges, that this paper is written in the hope and full expectation that the writer can so fortify his position by quotations from various reports made by former Secretaries of the Treasury, the tariff commission of 1882, committees of the Senate and House, the testimony of custom-house officials, and the general appraisers, the chairman of the Ways and Means Committee, and the committee on customs of the Merchants' Association of New York, as to compel an admission from unbiased persons that the amendment permitting so great a margin for undervaluation would be inimical to the Federal revenue, to the interests of the honest importer, the domestic manufacturer, and, in a word, to the "economic interests of the United States."

By calling the attention of our readers to the experiences of the past, and the advice of many competent men and committees who have known the frequency and extent of undervaluations under the old laws, it is our purpose to show that it would be extremely hazardous and unwise, in the light of that experience and that counsel, to return to the 10 per cent privilege for undervaluation.

This association, recognizing the difficulty in finding experts in appraisement of merchandise who will agree absolutely in their views of value, never advocated the provisions of the present law which were adopted on the advice, largely, of Treasury officials. On the contrary, in 1883, when the tariff commission of 1882 reported a bill, a leeway of 5 per cent was provided, and that provision was supported by Dr. John L. Hayes, secretary of this association, who was the chairman of the commission. In 1885, when making to the Hon. Daniel Manning, Secretary of the Treasury, recommendations for administrative tariff legislation, Doctor Hayes said: "There may be honest difference of opinion as to values. It is believed that the ordinary range of honest difference of opinion as to values will not exceed 5 per cent. No penalty should therefore be imposed when the difference does not exceed that percentage. There should be imposed a certain, though not ruinous, penalty for every experiment beyond that line, the penalty increasing in proportion to the extent of the undervaluation;" and in 1896, when the Committee on Ways and Means were giving hearings on the bill which practically became the law in 1897, the then secretary of this association, Mr. S. N. D. North, the successor of Doctor Hayes, appeared before the committee, and in suggesting that a 5 per cent leeway be given a trial, said:

The argument in making 5 per cent the point where the additional duties shall begin was very well stated by this Boston committee when it said that by fixing the limit at 10 per cent, which was also the limit prior to the passage of

the present administrative law, the law places a premium upon undervaluations below that figure. I do not think there is any escape from that conclusion. As a matter of fact, the undervaluations which the appraisers detect are generally kept below the 10 per cent point—I might almost say as a rule—simply for the purpose of avoiding encroachment beyond the penalty limit. It was the judgment of the tariff commission that a difference of 5 per cent was ample margin to allow for difference of opinion as to the value of imported articles. I see from the hearings held before this committee that Secretary Hamlin proposes that the penalty shall begin at once with any increase of appraisement over invoice value; and that it shall be 1 per cent for every 1 per cent of undervaluation, instead of 2 per cent for every 1 per cent as now. That proposition is a rather drastic one; but I believe a margin of 5 per cent is an ample margin to allow for differences of opinion, and that anything beyond 5 per cent is an invitation by the law for dishonest importers to undervalue to just below 10 per cent of true value, for the purpose of getting the benefit of the avoidance of duty to that extent.

Every importer who chooses to do so can keep within the penalty line with a margin of 5 per cent in his favor. The purpose of the law is to stop undervaluation, and the way to stop undervaluation is to stop it, and not to encourage it. If the committee will carefully consider these two propositions, I feel sure they will find in them the most effective means to stop undervaluations. It is simply a plan to go back to the original suggestion made ten or fifteen years ago after the most careful consideration by the best experts in the country at that time, and agreed upon with practical unanimity as being the proper limitations upon permissible undervaluation. We have tried the 10 per cent limit, and the universal testimony before this committee is that the 10 per cent limit has been a failure. We never tried the 5 per cent limit. Let us try that and see whether it will also be a failure.^a

Fortunately, in considering this subject, we shall be wholly unembarrassed by any political or economic issues. "It is," as another has written, "purely a practical question as to the best means of remedying an evil universally admitted except by those who turn it to their own fraudulent advantages."

Fortunately again, it is not a question requiring many new arguments to be advanced by the writer, but one which has been so thoroughly investigated by competent and unbiased committees and commissions that an examination of their findings, suggestions, and arguments will throw convincing light on the question and place our conclusions on a solid foundation, against which, we believe, the assaults of opponents will be directed in vain.

A century-old trouble.

Undervaluation of imported merchandise has been a most troublesome matter for nearly a century, chiefly because ad valorem rates in our various tariffs have afforded rare opportunities for unscrupulous importers to amass ill-gotten gains and swollen fortunes without any danger of imprisonment and with little or no danger of any financial loss, if their efforts to pass importations through the custom-house at an undervaluation failed.

As early in the life of the Government as January 19, 1818, the Hon. William H. Crawford, Secretary of the Treasury, felt impelled to transmit to the Congress an elaborate report, based upon evidence, that frauds upon the revenue were committed in the importation of

^a Hearings on administrative customs law before Committee on Ways and Means, January, 1896, pp. 101 and 102.

articles on consignment paying ad valorem duties. In that report he wrote:

There is just reason to believe that frauds to a considerable extent have been and now are committed upon the revenue, in the importation of articles upon consignment, paying ad valorem duties.

The practice of shipping merchandise from Europe to the United States on account of the foreign shipper has greatly increased since the late peace. The immediate cause of this increase may be probably found in the general distress which at and since that epoch pervaded universally the manufacturing establishments, from whence our supply of foreign merchandise has been principally derived. The manufacturers, unable to dispose of the products of their labor in their accustomed markets, assumed the character of exporting merchants and shipped their merchandise directly to the United States, where it has been sold by their agents or consignees. In adopting this course not only the fair profit of the manufacturer and exporting merchant is concentrated in the hands of the latter, but also the loss which the revenue sustains by invoicing the merchandise at the actual cost of the raw material and the price of the labor employed in its manufacture. Should any part of this profit not be realized, from the circumstance of the merchandise being sold in a glutted market or from any other cause, the articles reach the hands of the consumer at a rate lower than it [they] could be sold by the fair American importer. In either event the honest American merchant is driven from the competition, and in the latter the domestic manufacturer is deprived of the protection which was intended to be secured by the legislature. But independent of this evasion of the revenue laws, which, by those who practice it, may be deemed consistent with the principles of morality, a practice of a less equivocal character is known to exist in importations made by foreign merchants upon consignments. There is abundant reason to believe that it is now customary in importations of this nature to send with the merchandise an invoice considerably below the actual cost, by which the entry is made and the duties secured. Another invoice, at or above the natural cost, is forwarded to a different person, with instructions to take and sell the goods by such invoice.

In this manner the person who enters the goods remains ignorant of the fraud to which he has been innocently made a party, and the fraudulent importer escapes with impunity. The facility with which frauds may be practiced by permitting entries to be made by persons who know nothing of the correctness of the invoices by which the duties are to be ascertained so strongly invites to the substitution of false for true invoices that the practice must necessarily become universal if suitable checks are not devised against it.

When Secretary Crawford made that report the act of March 2, 1799, section 66, then in force, was as follows:

If any goods, wares, or merchandise of which entry shall have been made * * * shall not be invoiced according to the actual cost thereof at the place of exportation, with design to evade the duties thereupon, or any part thereof, all such goods, wares, or merchandise, or the value thereof, to be recovered of the person making entry, shall be forfeited.

Ever since that date to the present time we have had always present with us that dangerous and resourceful enemy, the undervaluer.

It was, however, only within the past twenty years that legislation was secured which perceptibly decreased this nefarious business. With our imports in 1791 worth only \$28,000,000, the opportunities for illegitimate gain were not to be compared with the chances offered when the total value increased to \$692,000,000 in 1887, and to \$790,391,664 in 1907. As the Senate Finance Committee observed in its report of 1888-89, manifestly "with such an increase some radical change in the system (of appraisement) is forced upon us. What might have been a perfectly satisfactory method in the former period, or even in 1842, * * * proves at this time unreliable, dilatory, and very imperfect."

The act of 1799 was ineffective to prevent or curb the increase of consignments and undervaluations. They increased with the growth of our foreign commerce, because yielding greater returns to the men who would not or could not resist the temptations offered by the lax law then in force; for manifestly the difficulty of proving that the merchandise was entered "with design to evade the duties thereupon, or any part thereof," was well-nigh insuperable. As far as we have been able to discover in our investigation of the question, the first law by which it was attempted to compel those guilty of undervaluations to pay some penalty for their attempt to evade the customs was the tariff act of July 30, 1846, section 8 of which provided that "if the appraised value thereof" (imported merchandise) "shall exceed by 10 per centum or more the value so declared on the entry, then in addition to the duties imposed by law on the same there shall be levied, collected, and paid a duty of 20 per centum ad valorem on such appraised value."

This section was reenacted by the act of March 3, 1857, amending the act of July 30, 1846, and was likewise reenacted as section 23 of the tariff act of June 30, 1864.

This law giving the privilege of 10 per cent undervaluation was scarcely more efficient in preventing the increase of undervaluations than the one it replaced, if reliance can be placed upon what Mr. Stephen Colwell, a member of the Revenue Commission of 1865-66, said in his official report. He stated the situation thus:

The trade (our foreign trade) has for many years been taking a shape which has now grown to formidable dimensions. The factories, workshops, and the workmen are in Europe; the warehouse is in New York. Goods intended for the warehouse are invoiced at the factory cost, are entered at the custom-house at that price, the duties are largely diminished, and the end of competition with cheap labor increased. The mischiefs of harboring a class of men whose business it is to debauch or mislead our officers, to rob us of revenue, and impair our domestic industry are so apparent that they should long since have found a remedy. These foreign agents cooperate constantly for the evasion of our revenue laws, and their business is to nullify laws pertaining to our commerce and our industry.

The concentration of foreign commodities in New York gives this foreign interest the control of prices there, and of course, in a large degree, of the whole country. This is an advantage which places our home industry very greatly in the power of those who are interested to prostrate it altogether. It is well known that a few million dollars' worth of goods may be so sold as to inflict a loss on corresponding articles of home production to perhaps twenty times the amount.

Foreign manufacturers can, when they please, by means of cheap labor, abundant and cheap capital, and the strong position they hold in New York assail our whole domestic system, and without any material loss to themselves inflict a blow upon our industry which disturbs the whole fabric of our industrial as well as our credit system.

Notwithstanding this forcible presentation of the frauds committed upon the revenue and the injuries suffered by domestic industries, no statute requiring close approximation to the actual value of the importation was passed by Congress, a comfortable leeway being permitted, and no adequate penalties being provided for importations not accidentally or ignorantly, but intentionally undervalued.

Prior to the passage of the act of 1874 in all cases where the appraised value exceeded the entered value by 20 per cent proceedings of forfeiture were begun on the ground that the entry was presumptively fraudulent; but after the passage of the act of 1874—known as the “antimoieties act”—the Government was required to prove fraudulent intent, which was and is now almost impossible, and no seizures were made under it even when there was such excess of 20 per cent of the appraised over the entered value.

What happened under a 10 per cent leeway.

Under the law as it stood in 1881 (section 2900 of the Revised Statutes) it was provided that if the “appraised value shall exceed by 10 per cent or more” the declared value—the limit the President now urges the Congress to adopt—“there shall be collected a duty of 20 per cent ad valorem on such appraised value.”

This law gave rise to complaints of undervaluations so serious and so shocking to men of sensibility and business morality that the Tariff Commission of 1882 gave careful and painstaking efforts to discover the basis for the complaints, if basis there was. This commission was in no sense partisan or sectional; for both parties, all sections of the country, and all shades of economic opinion were represented by the membership. The commission heard many competent witnesses whose testimony and personal communications all agreed that undervaluation was practiced largely and that the existing law was inadequate to remedy the evil. We annex excerpts from some of the striking testimony.

Mr. David C. Sturges, assistant appraiser in the appraiser's department at the port of New York, in recommending an increase of the penal duty for undervaluing merchandise, said:

There have been undervaluations to the extent of 75 per cent or more in which the intent to commit fraud could not be legally established. I have had recently an invoice of furniture in my division invoiced in francs (at 19.3 cents) where my advance to make value was more than equal to the substitution of the pound sterling for the francs.^a

Mr. L. B. Carhart, an examiner in the appraiser's department of the New York custom-house, having “the supervision of the article of French worsted goods,” said:

I should say that about one-half of the goods I handle are consigned. In other words, they are owned by the manufacturer until they are sold, and the proceeds collected here. Of course the tendency is for the manufacturer to try to get his goods from the custom-house at as low a rate of valuation as possible. I think it is not unfair to presume that they would invoice their goods at 25 per cent less than they do if they thought they could get them through the custom-house at such prices.^b

He further said that “there was more of a tendency toward undervaluation when goods were consigned to agents than when they were purchased.”^c

^a Report of Tariff Commission, Vol. I, p. 506.

^b *Ibid.*, p. 522.

^c *Ibid.*, p. 521

Mr. Marshall Field, of the firm of Marshall Field & Co., of Chicago, importers of dry goods, speaking of foreign merchandise, such as "silks, velvets, ribbons, laces, kid gloves, fine shawls, and similar merchandise," said:

To-day it (the trade) is almost entirely in the hands of Frenchmen and Germans, mostly aliens, and agents of foreign principals, and men who have no interest whatever in this country save to make their fortunes in it and then return to make their residence in Europe. An American merchant can not go to the foreign market and buy these goods for importation at the ruling foreign prices, except at a ruinous loss. They are delivered in the United States to the agents I have mentioned only in prices in American money, which is done to avoid establishing a foreign market value. This is a business very hard to detect; and the American Government, with all the forces at its command in the shape of consuls and special agents, has been unable to break it up.^a

Mr. William Kent, assistant appraiser in the silk department of the New York custom-house, said:

I suppose the fact is we are passing many silks, colored and black, at 10 per cent below their value, because we have no means of knowing their true value. None of the goods are bought—they are all consigned; and every manufacturer (foreign) tries to see how low he dares to invoice these goods, with the hope of their passing the custom-house.^b

Mr. George C. Tichenor, special agent of the Treasury Department, said:

There is scarcely any kind or description of merchandise subject to ad valorem duty imported into this country from beyond the seas but has been or is being undervalued more or less. I would not be understood as saying that all of any class has been undervalued, but that some of all classes have been, even of regular purchases; while those consigned to agents for sale on commission, notably from the continent of Europe, have been and are being, as a rule, considerably undervalued. * * *

By means of the consignment system now so generally in vogue foreign manufacturers and shippers have been enabled so to close the avenues of information as to the market values of their products in the country of production as to enable them to undervalue the same with comparative impunity. It is the habit of many manufacturers and shippers so consigning to make, or have made, goods specially for the American trade, which differ in width or style from those made for their home trade and other markets to such an extent as to render it difficult to identify them sufficiently with such other goods as to fix their true market value.

It is well known that for years past even our wealthiest and most extensive importers have been unable to purchase in regular way abroad very many of the most important articles and classes of merchandise made there, but have been compelled to buy them to be delivered through commission agents in this country, at the dollar price—duty paid, of course. This system is becoming more and more general, and its disastrous effects, both upon the revenue and the legitimate importing trade, are becoming more marked year by year.

The Tariff Commission of 1882 against the margin.

The report of this commission may safely be accepted as representing the best opinion of men considered competent for the task on which they were engaged. In treating of undervaluations and in unanimously recommending the repeal of section 2900—a return to the provisions of which the President urges and the Secretary of State advises to "strengthen the present good understanding between the United States and Germany without prejudicing in any way the fiscal or economic interests of the United States"—the Tariff Com-

^a Report of Tariff Commission, Vol. I., p. 1048. ^b Ibid., p. 516.

mission, respecting the evils which existed and flourished under that law, reported as follows:

The proposed amendments to section 2900 are, as it will be perceived, radical and important; the law at present merely permits the appraisal, and in practice, unless there is some cause for suspicion, the invoice is often taken as correct without much if any investigation. We think that there should be an appraisement separate and distinct from the invoice in all cases.

Under the existing statutes no penalty is imposed unless the appraised value exceeds the entered value 10 per cent or more, and then (on variance of a few cents often) there results the imposition of a 20 per cent penalty on the entire appraised value. This is believed to induce the making of entries by unscrupulous importers as nearly as they regard safe within the limit, while, on the other hand, great hardships frequently occur to honest importers who have made some mistake and are subjected to this penalty, from which they can have no relief.

From the information at our command we have been led to believe that the ordinary range of honest difference of opinion in values of imports will not exceed 5 per cent, in the absence of error or mistake, and the proposed amendment imposes no penalty where the difference does not exceed that percentage; the proposed section then provides for a gradually increasing penalty until the appraised value exceeds the entered value more than 15 per cent, and then declares that such excess of 15 per cent shall be presumptively fraudulent, and that the collector shall seize the goods and proceed to forfeit as in other cases for violations of the customs laws; and that in such proceeding the fact of the undervaluation exceeding 15 per cent shall be presumptive evidence of fraud, and throw on the claimant the burden of removing the presumption by proof. We think there can be no doubt that systematic undervaluation is rather the rule than the exception, as seems to be evident from the well-established fact that persons visiting European countries are often without request tendered an invoice at less than the price paid, with the explanation (when explanation is asked for) that it is necessary to enable them to enter the goods without paying full duties; and from the further fact, which seems equally clearly established, that many European manufacturers decline to fill orders or sell goods for this market except through their agencies established in this country, so that the importing business is largely passing into the hands of consignees, who are mere agents for the foreign manufacturers. It is claimed that these arrangements are not unfrequently made for the purpose of defrauding the customs laws, and there is reason to believe that the claim is not without foundation.

Fraudulent undervaluation, when it occurs, is not only injurious to the Government by depriving it of revenue to which it is entitled under the laws, but is also destructive of the business of the honest importer, who can not successfully compete with those who thus avoid payment of a considerable proportion of the revenues to which he is subjected. The purposes of the amendment are to discourage experiments in even slight undervaluation by imposing penalties which, while not too severe, will probably result in loss, and to expose the importer to forfeiture in cases where the undervaluation is so great as to be beyond the range of probable honest difference of opinion or mistake, reserving, however, in all cases authority to grant relief when the collector and Secretary of the Treasury are satisfied that the undervaluation is the result of manifest clerical error or mere mistake, and without any intention to undervalue or defraud the revenue. We recommend the proposed change in the confident belief that it will be advantageous to the Government and to honest importers.

The views of Chairman Hayes.

Dr. John L. Hayes, chairman of the tariff commission, in an article on the "Prevention of undervaluation," said:

The admitted abuses of valuation in the entry of imported goods so seriously affected the interests of the Government, honest importers, and domestic manufacturers that further legislation to remedy these abuses was an imperative necessity. * * * The only remedy existing was the imposition under section

2900 of the penalty of 20 per cent additional duty when the appraised value exceeded by 10 per cent the value declared in the entry. This penalty was too small for cases of actual fraud and too large for errors of judgment on the part of honest but inconsiderate importers. The present law [similar to the one recommended by the President and his German commission] encouraged a general system of undervaluation within the range of 10 per cent, as there was no penalty unless it exceeded that amount, whereas each experiment in undervaluation beyond the line of a reasonable difference of opinion ought to subject the importer to a loss proportionate to the extent of the undervaluation.

The adoption of 5 per cent as the limitation of an honest difference of opinion as to values—a matter very carefully considered, the imposition of a certain though not ruinous penalty for every experiment beyond that line—the penalty increasing in proportion to the extent of the undervaluation; the adoption by law of a reasonable criterion of presumptive fraud, viz: An undervaluation exceeding 15 per cent; provisions not existing in the present law; all these measures were conceived and devised not less to protect the honest but inconsiderate importer than to afford a certain and practical remedy for fraudulent valuation.

As a result of the consideration of the testimony heard, and after mature and careful deliberation, the commission unanimously recommended as a substitute for section 2900 of the Revised Statutes an amendment of the law to provide that in all cases where the appraised value of any article, subject to an ad valorem duty, exceeded the entered value more than 5 per cent and not more than 15 per cent, then in addition to the duty imposed by law on such article there should be levied 2 per cent of such total appraised value for each full 1 per cent of such value above the 5 per cent. In case the undervaluation should exceed 15 per cent, the entry was to be deemed fraudulent.

The chairman of the Tariff Commission is authority for the statement that "the commission had in its own body a member, Colonel McMahon, of unsurpassed experience in the administration of the customs laws, of excellent sense, and of eminently judicial mind, who had made a legislative remedy for undervaluation the subject of peculiar attention." The scheme submitted was devised by Colonel McMahon and reduced to legal phraseology by Judge Ambler, who wrote the comments on the measure in the report. As indicating the care with which the proposed law was considered, it is well to quote again what Chairman Hayes has said:

It was subjected to careful consideration at successive days, word by word and line by line, and with but slight, if any, changes received the unanimous sanction of the commission.

In the struggle attending the passage of the tariff law of 1883 the recommendations of the Tariff Commission, however, did not receive the attention to which they were entitled, and no attempt was made to change the law permitting undervaluation.

But the agitation for relief from the burdens placed by undervaluing pirates upon men attempting to conduct their business on legitimate and honest lines did not cease, and on January 15 of the following year (1884) the House of Representatives passed a resolution requesting the President to forward to the House information, including reports from consuls and others, concerning undervaluation, false classification, and other irregular practices in the importation of foreign merchandise.

Secretary Folger reports about conditions.

In complying with this resolution the Hon. Charles J. Folger, Secretary of the Treasury, reported to the President in part as follows:

These papers seem to furnish conclusive evidence of general and extensive undervaluation of imported merchandise subject to ad valorem duties. They show that this evil has been steadily growing since the passage of the law approved June 22, 1874, entitled "An act to amend the customs revenue laws and to repeal moieties."

Whatever may have been thought as to the need of protecting the rights of individuals by the enactment of this law, it is clear that its result has been to render the Government almost powerless to enforce the revenue laws in cases of fraudulent undervaluation by foreign manufacturers or unscrupulous importers and to work great injury to the interests of importers who refrain from engaging in this dishonest practice.

Besides the serious loss to the revenue consequent upon undervaluations, as indicated in these reports, the practice has a demoralizing influence upon our trade with foreign countries. The lack of safeguards against it offers a premium to dishonesty and makes it impossible for an honorable manufacturer or dealer in Europe to compete with his less conscientious rival for the American trade, and the honest American merchant is precluded from importing lines of goods thus undervalued.

When such practices go unpunished the foreign shipper is practicably enabled to make his own tariff, subject only to the contingency of having the rate increased by the appraiser's advance upon his invoice valuation. It thus happens that when Congress enacts that the rate of duty on certain goods shall be 50 per cent ad valorem, it is found that perhaps only 30 per cent or 40 per cent is actually paid, according to the boldness and skill of the shipper and his American agent, in falsifying market values and deceiving the appraising officers.

The most skillful expert can not be depended upon to fix values with absolute correctness; and where, as is now the case with many classes of imported goods, the true market values are studiously concealed by European manufacturers in order that no proper criterion for appraisements may be obtained, the difficulties confronting the appraisers are well-nigh insuperable.

Responsibility for a correct valuation should be placed upon the consignee who makes entry, and the fact that the invoice and entry are false should be deemed presumptive evidence of fraudulent intent, subjecting the goods to forfeiture unless innocence can be shown.

So long as the ad valorem system exists, equality and uniformity in its administration can only be secured by providing adequate means to prevent undervaluations. Such means are not to be found in existing laws.

Another investigation and another report adverse to the margin and consignments.

In January, 1885, the Hon. Hugh McCulloch, Secretary of the Treasury, owing to the conduct of certain special agents of the Treasury Department at the port of New York, was moved to order an investigation thereof. Three special agents of the Treasury, Mr. George C. Tichenor, Mr. O. G. Spaulding—both of whom later became Assistant Secretaries of the Treasury—and Mr. A. K. Tingle, were chosen to make the necessary inquiries. A month later, in February, 1885, on the suggestion of the investigators themselves, the scope of the inquiry was broadened so as to include undervaluations, damage allowance, drawbacks, and such other irregular practices at the port of New York as might come under their notice.

Before the investigation was concluded and the report made, the Arthur administration went out of office. Mr. McCulloch being succeeded by Secretary Manning, who, in his letter transmitting the

report to the Speaker of the House under date of December 7, 1885, said:^a

It is to be assumed that during the present and next fiscal year quite one hundred and fifty millions of dollars must annually be raised by duties on merchandise. The necessity of correct invoices, * * * classifications, and appraisements will exist under any practicable and possible reform of a tariff to raise that large sum, but the peril to the Government of false valuation in invoices need not be so great as now. * * * That false invoices and the evasion of duties legally chargeable on merchandise inflict definite evils upon the Government and those who make true invoices and pay full duties can not be denied.

On the subject of undervaluation the three special agents reported to the Secretary of the Treasury, as follows:^b

Continuing the investigation of the methods of conducting the customs business at this port [New York], we have given careful consideration to the subject of undervaluation. While there is no doubt that the invoices of merchandise consigned to the United States for sale on foreign account are, as a rule, undervalued, this is notably true as to silk goods. During the past ten years, since the repeal of former restrictive and penal provisions of the revenue laws, a system of successful evasion of duties on silks has been gradually built up and established. This system of evasion has been a subject of frequent investigation and report at home and abroad. It is a matter of common notoriety in official circles.

Then after devoting a paragraph to the difficulty of securing uniform and proper appraisement of merchandise coming to the country consigned to commission merchants for sale on foreign account or for delivery to a purchaser buying them at a dollar price—a price in United States currency—the goods to be delivered here, duties, freight, and charges paid, the report continues:

The essential feature of the consignment system is the concealment of the actual foreign market value, so that customs officers may have no standard by which to make appraisements. The greatest care is exercised in Lyon and Zurich and other principal silk markets to prevent the prices at which sales are made to European buyers from becoming known to anyone who might possibly disclose them to persons connected with the American customs. So universal is this practice of concealment that there is no longer any such thing known to American buyers or customs officers as the actual market value or wholesale price of silk goods in the principal markets of the countries of production; and this, to a great extent, is true also of kid gloves, laces, embroideries, and other articles, which are almost exclusively imported by consignment instead of purchase.

* * * * *

The extent to which specific invoices are undervalued depends upon the audacity of the shipper and the degree of confidence he has in the ability of his New York agent to pass them through the appraiser's office without incurring penal duties. The only risk to be apprehended under the law, as it has been administered for years past, is the advance of value upon appraisement.

Foreign shippers and their New York agents do not appear to regard this method of evading duties as in any degree unlawful. We inclose a list (marked "A") of invoices advanced beyond 10 per cent for the months of December, 1884, January, and a part of February, 1885. None of these cases have been referred to the district attorney for such action as he might deem proper. It is the practice of the collector's office, in cases of advances to a penalty, to waive a seizure and accept additional duty. The importer has thus come to understand that in undervaluing his merchandise he runs the risk neither of criminal prosecution nor of losing his goods. His object appears to be to enter his mer-

^a See Report of the Secretary of the Treasury on Collection of Duties, 1885, p. lvi.

^b Ibid., pp. 40-46 inclusive.

chandise as low as possible and escape a 10 per cent advance. But if such advance is made, he is sure of no punishment beyond the 20 per cent additional duty.

Attention is called to the frequent recurrence of undervaluations by the same importers; the advances range from 12 per cent to more than 100 per cent. We also invite attention to Schedule B showing advances of less than 10 per cent during the months of October and November, 1884, and to the frequent repetition of the names of the same importers on the list. A remarkable feature of these advances is that so many of them are just a shade under 10 per cent. For example, in eighteen invoices of one firm the advances ranged from 9.02 to 9.99 per cent, showing that the appraising officers, in passing the goods, apparently made careful computations with special reference to the penalty, and this, too, on goods about which the best experts rarely agree within 5 per cent of the value. During the three months ending December 31, 1884, more than 2,200 invoices were advanced on appraisements, two-thirds of which were invoices of forty of the leading houses receiving consigned goods, chiefly silks, for sale on foreign account.

* * * * *

Whenever, as at the present time, undervaluations have become as flagrant as to call for special inquiry by the department, the agents of the foreign shippers, while defending with vigor the integrity of particular invoices in which they have an interest, frankly admit the general practice of undervaluing and deplore its demoralizing and injurious effect upon trade. * * * Under the present system, they say, the manufacturers are always cutting each other's throats. No matter how low one may invoice his goods, and thus be enabled to lower his selling price to the extent of the duties saved, another can undersell him by simply invoicing his goods a few centimes lower. * * * As one Swiss manufacturer expressed it, "the invoicing is largely a matter of conscience." No sales being made, the shipper invoices his goods at whatever price he pleases.

These special agents further reported that the entered value of silk importations at the port of New York for the year 1884, including additions made by importers themselves, was \$30,494,797. The undervaluation was reported at \$6,040,450 and the loss in duties at \$3,020,225.

The report continues:

There is always a reluctance on the part of appraising officers to advance values to the 10 per cent limit, as it is expressed, in the common parlance of the appraiser's store, "to put the importer to a penalty."^a This idea runs through the entire proceeding, and according to the expressed opinions of the appraiser is inseparable from it. The ascertainment of the true value of the goods and the appraisement thereof is thus coupled with the consideration whether a penalty will be involved; if so, a strong effort will be made to reduce the appraisement, in whole or in part, so that the advance will be a shade under 10 per cent. This tenderness toward importers—this disposition of officials to shield them from the legal consequences of undervaluation—has tended to encourage and establish the practice.

Successful undervaluations have prevailed for so many years that the belief has generally obtained that nothing short of legislation will suppress them.

The Senate Finance Committee looks into the matter.

Notwithstanding the widespread knowledge among the commercial classes of the constantly expanding practice of undervaluation and the various reports made to Congress, neither the recommendations of the Tariff Commission, nor the bill drawn by Secretary Folger, nor the report of Secretary Manning resulted in any remedial legislation, so that after many inquiries had shown much injury done

^a See also p. 31 for testimony of J. R. Leeson before Committee on Ways and Means in 1896.

to varied interests by the practice possible under the old law, permitting and encouraging undervaluations up to 10 per cent, it remained on the statute books unaltered and unchanged and so stood when on December 21, 1885, Senator George F. Hoar, of Massachusetts, offered a resolution in the Senate which authorized and directed the "Committee on Finance by themselves or a subcommittee to investigate the frauds and abuses alleged to exist in the collection of the customs revenue at the port of New York and especially the subject of undervaluations of imported merchandise." The committee, it was provided, should "report the result of their investigation to the Senate with recommendations as to what changes, if any, should be made in the customs laws in order to prevent frauds in the importation of merchandise and in the collection of the revenue from customs."

On January 19, 1886, the scope of the investigation was enlarged by a resolution adopted by the Senate, which authorized the committee "to make further investigation on the same subject at any other collection port in the United States."

On that day Senators Allison, of Iowa; Aldrich, of Rhode Island; Warner Miller, of New York; Beck, of Kentucky, and John R. McPherson, of New Jersey, were appointed by the chairman of the Finance Committee to make the investigation. Republicans and Democrats, protectionists, and tariff-for-revenue advocates—men of various shades of economic belief were there represented. The term of Senator Miller expiring before the labors of the committee were concluded his place was taken by Senator Morrill, of Vermont. The report^a of this committee, submitted to the Senate, February 16, 1888, recommended many changes in the law and gave, in considerable detail, the reasons for those changes. One change was a modification of section 2900 of the Revised Statutes to provide that "if the appraised value of any article of imported merchandise shall exceed by more than 5 per cent and not more than 20 per cent the value declared in the entry there shall be levied and paid, in addition to the duties imposed by law on such merchandise, a further sum equal to 2 per cent of the total appraised value for each 1 per cent above the entered value"—almost the recommendation made by the Tariff Commission.

In giving the reasons for this suggested change the committee reported, in part, as follows:^b

It is proposed by this section to make the penalty proportionate to the undervaluation and to make it applicable to invoices advanced 5 per cent and over instead of 10 per cent and over as under the present law, the object being to prevent the present habitual practice of undervaluing so as to get the invoice through the appraisers at an advance of just under 10 per cent and thus escape the statutory penalty of 20 per cent additional duty. It is assumed that a variance of more than 5 per cent between the entered value and the actual value as ascertained by the appraiser could not occur except through the fault or negligence of the importer. It is also assumed that a variance of more than 20 per cent could not result from mere negligence, and should carry with it the presumption of an intention to defraud the revenue.

A Boston committee conducts an independent investigation.

In addition to the investigation made by the Tariff Commission of 1882, an independent investigation was made by committees appointed at a meeting of merchants and manufacturers held in Boston January

^a Senate Report No. 295, Fiftyeth Congress, first session.

^b See Tariff Testimony Finance Committee, U. S. Senate, Fiftyeth Congress, 1888-89. Part IV, p. 2694.

20, 1886, to suggest "for the consideration of the Senate Finance Committee facts as to undervaluations of imported merchandise, errors in classification, and evils in practical administration in the appraisal of merchandise which can be established by testimony." From the report of the committee on testimony we make the appended extracts, which supplement and support, in every particular, the findings of the Tariff Commission and the Senate Finance Committee. In part this report says:

The committee have made a careful, personal inquiry, as to the subject committed to them, have conferred with merchants engaged in importation, have employed agents specially informed as to the administration of our customs laws, and have sought all available sources of information.

The charge of undervaluation, particularly at the port of New York, can be sufficiently sustained in respect to silks, cottons, embroideries, and edgings, woolen and worsted goods, some kinds of pottery and glassware, cutlery, and ribbon isinglass, because it can be shown that these articles are invoiced and entered at less than their true market value.

The fact of undervaluation, as to these goods, can be established by the circumstance that regular dealers in these goods have been largely driven out of the importing trade, because they can purchase them delivered in New York at a less sum than they can import them direct.

These statements, particularly as to silks, embroideries, and edgings, can be sustained by domestic dealers in these goods in our principal cities, who can show that the prices paid by them to the New York agents of foreign houses sometimes exhibit such an enormous profit upon the invoiced value, with duties added, as to admit of no doubt as to undervaluation.

The same system of undervaluation can be shown in the same manner in respect to woolen and worsted goods, especially those from Germany, none of which are regularly imported. It can be shown that woolens purchased in Germany are often shipped and invoiced from France; that French goods are shipped from London or Bradford, and English goods from France, with the evident purpose of having them examined in the appraiser's stores by persons not familiar with the goods.

It can be shown by documentary proof that cutlery, more particularly goods from Germany, has been for many years largely and systematically undervalued upon entry at the port of New York, and that in some instances there has been an excess of importation of these goods over the amount invoiced and entered.

Sufficient evidence can be adduced establishing the fact that a large proportion of the importations into the port of New York consists of consignments to agents or partners of foreign houses who ship the goods; that as a rule these consignees are foreigners, and that the system of consignment is adopted for the purpose of evading payment of the proper duty.

The committee on legislation, in considering the then existing law under which no penalty was imposed unless the appraised value exceeded the entered value 10 per cent or more, reported, in part, as follows: "This is a practical encouragement by law of a general system of undervaluation within the range of 10 per cent and an inducement to unscrupulous importers to make their entries as nearly as they regard safe within the limit." And in referring to the proper margin to be allowed for difference of opinion as to values, the report said: "This margin has been placed by experts at 5 per cent. It certainly should not exceed that. It may, perhaps, properly be less. * * *

Reports brought no congressional action.

Notwithstanding the continued efforts put forth to have the law amended so that it would make it more difficult to practice extensively the proven undervaluations in many lines of imported merchandise, the recommendations of the Senate Finance Committee, like the recommendations of the Tariff Commission, were not enacted into law,

and undervaluers were still permitted and invited to continue their rich harvest of gain. It was not until some five years after Senator Hoar's resolution was offered that any legislation looking to an improvement of our customs administration was secured.

The Board of General Appraisers created.

When the act of June 10, 1890, providing for the Board of General Appraisers, was approved, it was quite generally believed that this board would be able greatly to improve the administration of the customs laws; but, as it turned out, although some improvement was noticed, they were unable wholly to prevent undervaluations, the wide margin being an important factor in their nonsuccess. With the law permitting a 10 per cent margin, the chairman of the commission to Germany, in an article published in 1893, wrote, concerning the undervaluations, as follows:

Ad valorem duties invite, encourage, and facilitate undervaluations and false invoicing. * * * For fifty years these things have been the scandal and the curse of customs administration. Investigation has followed investigation, under the rule of both political parties, always uncovering this fester at the custom-houses. * * *

The public is little aware of the extent to which undervaluation is practiced and the lamentable consequences which have resulted from the practice. * * * The proportion of textiles so imported has been placed as high as 90 per cent. They are consigned to foreign manufacturers' agents resident here, and American merchants are compelled to buy their goods from this class of "landing importers." * * * This means that the goods enter the country on undervalued invoices, which destroy all possibility of competition on the part of the honest importer. No one familiar with the history of the importing business in New York requires to be told what a change has come over it in the past thirty-five years; of the great and honorable houses that have taken down their signs and closed their doors; and of the new standards, the different ideals, the general demoralization which have come in as the old houses have gone out. It is a record both sorrowful and humiliating.

Secretary Carlisle appoints a committee to investigate.

While the Board of General Appraisers were able to improve the administration of the customs laws, the new law so radically changing the administration of tariff laws was not entirely satisfactory to all whose interests were affected by it.

Probably the first expression of dissatisfaction by an organized body was at a meeting of the Boston Associated Board of Trade on February 16, 1891, when the delegates of the Boston Merchants' Association called the attention of the board to the need of amendments to the act, and it was voted that the committee on customs of the board be instructed to consider the matter. The committee, "after careful consideration through the year," presented a report December 21, 1891, in which it was said in reference to the law: "It is not surprising that in the framing of a law having such wide-reaching consequences some errors, both of omission and commission, should appear; it is rather a marvel that the changes which seem desirable should be so few."

Respecting section 7, which provided that "if the appraised value of any article of imported merchandise shall exceed by more than 10 per cent the value declared in the entry there shall be levied, collected, and paid in addition to the duties imposed by law on such merchan-

dise a further sum equal to 2 per cent of the total appraised value for each 1 per cent that such value exceeds the value declared in the entry," the committee reported:

This provision was directed against undervaluation and was intended to punish dishonest importers. It does not in all cases accomplish the purpose intended. By reference to the reappraisal decisions in New York it will be noticed that the advance is seldom more than 10 per cent.

In 1893, during the second administration of President Cleveland, the Hon. John G. Carlisle, Secretary of the Treasury, appointed a special committee to report on the workings of the administrative act of June 10, 1890, and to examine the administration of the custom-house. Of this committee the Hon. Charles S. Fairchild, ex-Secretary of the Treasury, was the chairman. After suggesting a number of changes deemed advisable, the committee reported respecting undervaluations, as follows:

Under the present system the importer has a margin of 10 per cent, within which he may incorrectly state the market value, subject to no greater risk, should his entry be advanced, than the payment of the regular duty on the amount added by the appraising officer to make market value. If, however, no margin is allowed for difference of opinion between the appraising officer and the merchant, there is always an inducement to the importer to state the market value as accurately as he can, irrespective of the price that he may himself have paid.^a

In 1894, in discussing the Wilson bill, the minority of the Committee on Ways and Means reported to the House as follows:

It is in evidence before the Ways and Means Committee that there are lines of woollen goods, manufactured abroad almost wholly for the American market and sent here upon consignment, upon which no market value is placed until they have passed our custom-house and evaded some share of their legitimate duty. * * * Where specific duties exist the home producer always has a definite standard by which he can operate with some degree of certainty. With a law such as is now proposed, his struggle will be against an antagonist in ambush, who has only to change his fictitious invoices to underbid every effort of the American to hold this market.

The enormous field for undervaluation that will be opened by the abolition of all specific duties on woollen goods is evident from the fact that the importations under this head equal \$36,987,904 in 1893, and ran up in 1890 to \$54,165,422, the average for the last five years being larger in amount than under any other tariff schedule.

In their report of 1895 the Board of General Appraisers wrote concerning undervaluations as follows:

Undervaluation is not only an offense against the Government, but an offense against mercantile honor. It not only depletes the revenue, but flitches away the business of the honest importer and transfers it to the undervaluer. Nor are small undervaluations less disastrous to honest competing importers than large ones. An advantage of 5 per cent in price is sufficient to control the trade of an empire. It follows that undervaluation is a graver offense than the common one of evasion of state, county, and city taxation, because in the latter case no question of the business of a competitor is involved.

Hearings by the Committee on Ways and Means in 1896.

Early in January, 1896, extensive hearings were given by the Committee on Ways and Means on the general subject of what amendments should be made to the customs administrative act.

^a See House Report No. 792, Fifty-ninth Congress, first session, p. 11.

Judge Henderson M. Somerville, a general appraiser, in testifying concerning the increase of consignments and the difficulty of ascertaining correct valuations in that class of merchandise, said: "The consignment business is increasing rapidly. There is no doubt about that, and I can not see any reason why it should, except that there are difficulties in the way of ascertaining correct valuations of this class of merchandise." Then the following questions were asked by Chairman Dingley and answers were given by Judge Somerville:

CHAIRMAN. Do I understand you to say that the business of importations through consignors is increasing, and that the opportunities for frauds through undervaluations are greater when goods are consigned than when imported by purchasers?

Judge SOMERVILLE. I think so.

CHAIRMAN. And is it not true that in a large class of these importations, where there may be a question of the valuations, that the importations are through consignments?

Judge SOMERVILLE. A very large proportion of them is.

And in answer to a question by Gen. Joseph Wheeler, Judge Somerville said: "The tendency of the consignment business is very largely to drive out the purchasing business."

While Judge Wilbur F. Lunt, a general appraiser, was of the opinion that in some classes of goods it would be impossible to tell the value within 5 per cent, Mr. George C. Tichenor, another general appraiser, who had been a member of the committee that examined the administration of customs at the port of New York by appointment of Secretary Hugh McCulloch, favored the reduction of the limit for undervaluation from 10 to 5 per cent.^b

Mr. J. R. Leeson, president of the Boston Merchants' Association, when testifying concerning the working of the 10 per cent leeway provision, said:^c

That section [7] might almost as well never have existed, in so far as the penal provisions go; they are practically inoperative. It is a fact that an examiner, when he is examining merchandise with a view to ascertaining a proper dutiable value, is largely influenced in his decision in regard to advancing values by the hard and fast lines of the penal 10 per cent provision. I know from my own personal acquaintance that is the case; also as a merchant appraiser under the system existing before the act of June 10, 1890. As a merchant appraiser, it always had its effect upon me. One would naturally hesitate about bringing the case of a competitor or friendly opponent in business to the line where a penalty would be involved.

That consideration acts with great force on the examiner and appraiser, and presumably on the Board of General Appraisers. They hesitate to put a man's goods up to a point involving an application of the penalty provision. The appraiser of the port of Boston, a thoroughly fearless man, stated recently that it was surprising to see the number of invoices that he had advanced which were returned to his office from the board just enough below the line of 10 per cent to avoid the penalty. The local appraiser of New York, also a most able administrator of the law, is of the same opinion. This is a fact of such general acceptance that it is not worth while to waste words in endeavoring to substantiate its truth. It is a very serious question, however, what step would be best to take under those conditions to bring about a different state of things.

Mr. Walter H. Bunn, appointed an appraiser in August, 1893, was the only witness appearing before the committee who advocated no

^a Hearings on administrative customs laws before Committee on Ways and Means, January, 1896, p. 5.

^b *Ibid.*, p. 64.

^c *Ibid.*, p. 82.

"penalty"—additional duties—unless the invoice was advanced at least 10 per cent, and as a reason for his opinion he stated that experts will vary in judgment of valuations from 5 to 10 per cent. In reply to a question by the chairman of the committee asking whether it was not true that the British customs laws and the general laws of most of the nations of Continental Europe impose an additional duty for all undervaluations which exceed 5 per cent, Mr. Bunn replied, "Yes, sir; I think that is true."

The Committee on Ways and Means made a report on amendments.

In the first session of the Fifty-fourth Congress a bill (No. 4437) to amend the act of June 10, 1890, was introduced into the House and referred to the Committee on Ways and Means.

In reporting the bill back to the House March 13, 1896, the committee said:

The act of June 10, 1890, was the culmination of many years of effort and study to simplify the laws relating to the collection of the customs and to prevent fraud upon the revenue by reason of undervaluation.

That the result was a long step in advance of all former legislation on the subject has been abundantly proved by the result of six years' experience under the present law. These years have also demonstrated some weak points in the law of 1890, some of which the present act is calculated to remedy.

In reaching their conclusions the committee, after stating that they had confined "their efforts to the strengthening of the present law" and had "availed themselves of the advice and assistance of the Assistant Secretary of the Treasury, members of the Board of General Appraisers, importers, and others who have had practical experience on the subject, and of a commission appointed in 1893 to investigate the subject, of which ex-Secretary Fairchild was chairman," continued as follows:

The difficulties of administration under the present law do not arise from the regular importations of standard goods. These have a fixed market value which can be easily and definitely ascertained at the point and date of shipment. Reliable testimony as to the quality and value of these goods is easily found. But the chief trouble is in relation to consigned goods, and, second, in relation to goods of a kind peculiar to a locality or a factory.

The consignment of goods is increasing very rapidly. There seems to be no reason for this increase except the fact of the difficulties in the way of detecting fraud in the valuations of consigned merchandise. * * *

One of the most important amendments is that proposed to section 7. The present law provides, in effect, that when the appraised value exceeds the value in the entry by not more than 10 per cent only the same duty shall be collected as though the true value had been correctly stated in the entry. * * *

The present practice for dishonest importers is to get as near the danger line of 10 per cent as possible in their undervaluations, knowing that they will be obliged to pay no more duty if detected than would be required in an honest invoice. This system offers a premium for dishonesty. In addition, when the value is advanced more than 10 per cent the Treasury Department generally remits the additional duty, holding that under the present law it is a penalty and subject to remission.

The most important amendment, in the opinion of the committee, was to section 7, which provided that an additional duty should begin at the point where the value fixed by the appraisers exceeds that stated in the invoice and should be equal to 1 per cent of the total appraised value for every 1 per cent of increase of valuation by the appraisers, such additional duty to be limited to 50 per cent.

Debate in the House.

When the amendments were on their passage through the House, March 17, 1896, quite a discussion occurred over several changes, and an effort was made to modify the recommendations of the committee, but the committee was sustained and the effort failed. Speaking for the amendments, Mr. Payne, who introduced the amended bill, said in part:

We have had experience under this law of 1890 now for about six years, and it has been found generally to have saved a good deal of revenue to the Government as well as prevented a good deal of fraud in the collection of the revenue. At the same time, years of experience have developed various weak spots in the law with reference to which the consensus of opinion of those who have been engaged in administering it is that there may be found some remedy.

Of course, Mr. Chairman, it is utterly impossible to enact any law that will make all men honest. No law can be framed to collect the revenues of the Government where the duties are ad valorem that is not open to evasion by reason of fraud, fraudulent invoices, and fraudulent valuations, even though the invoices and the valuations are made under the oath of the importer, and the experience under this law up to the present time has been that various methods of evasion have been resorted to to escape the payment of duties. The most favored one is that of importing goods on consignment. For instance, a large manufacturing concern will have a local agent in New York, generally some clerk to whom the goods are consigned, and as there is no sale there is no necessity for any declaration of sale, or for any false affidavit as to sale, and the value depends largely—entirely, so far as the declaration of the importer is concerned—on the honesty and truthfulness of the importer of the goods. * * *

I would say that in adopting this amendment the committee have been guided by the suggestions of the Secretary of the Treasury, by the Board of General Appraisers, and also by a report of the commission which was formed in 1893, of which ex-Secretary Fairchild was the president, and, with ex-Collector Magone, Mr. Dunn, of Arkansas, a former Member of Congress, and another gentleman, composed the commission. They very strenuously recommend the amendment of section 15, which we have adopted, and also section 7.

Mr. Walsh, of New York, offered an amendment to make section 7 read thus:

And if the appraised value of any article of imported merchandise subjected to an ad valorem duty * * * shall exceed the value declared in the entry 6 per cent there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, etc.

In speaking for this amendment he said:

The bill as it is reported from the committee inflicts a penalty where there is any undervaluation. As I said in my former remarks, it is almost impossible for any importer, or any appraiser, or any expert, to get at the exact value of any article, and the law under which we are living now allows 10 per cent leeway. My amendment reduces it to 6 per cent, or I would be willing to make the rate 5 per cent; but I say that it is a great hardship on the importer or the merchant to hold him down to the exact valuation of any article that he imports into this country.

In discussing this amendment the following colloquy took place:

MR. PAYNE. Mr. Chairman, this amendment simply provides for 6 per cent of a fraud. That is the whole proposition. The additional duty can not be incurred unless there is fraud in the valuation. If the appraisers add 6 per cent to the importer's valuation, then the line of the additional duty commences there.

MR. McMILLAN. The gentleman has said that this is only a tax of 6 per cent on fraud. Does he not know that this imposition is to be placed on the goods, however honestly the mistake may have been made originally?

Mr. PAYNE. If I said a tax of 6 per cent on fraud I did not mean it. I meant that this offered a premium of 6 per cent on fraud—that it gave a chance for the importer to advance his goods 6 per cent without incurring the risk of losing a dime.

Mr. WALSH. Does not the present law allow 10 per cent?

Mr. PAYNE. It does; and that is one of the worst features of the present law, if not its worst feature. It encourages more fraud, undervaluation, and crimes against the revenue than any other feature in the present administrative law; and it was because the committee wanted to reduce those offenses to a minimum that they made the increased duties commence at the point of the increased valuation, ascertained by an honest appraisal by the board of appraisers. If the appraisers increase the importers' valuation only 1 per cent, then there is an increase of only 1 per cent in the duty.

Mr. WALSH. An increase of 1 per cent not on the overvaluation, but on the whole importation.

Mr. PAYNE. An increase of 1 per cent on the valuation of the whole importation. Now, the provision of the bill is no hardship to the honest importer. He has a hearing before the appraiser; his witnesses are heard; he can prove the value of his goods, which he knows better than any other man. There is no hardship on him. This provision will operate only against those who may seek to evade the law, and we want to cut off the opportunity of evasion even by those who would evade the law by only 6 per cent of undervaluation. We want to reduce the evasion to a minimum. We want to provide, in effect, that if there should be only 1 per cent of undervaluation additional duty to the extent of 1 per cent shall be added upon the appraised value of the goods.

The committee considered the advisability of fixing the line at 5 per cent or at 10 per cent. It was the judgment of the committee, following the judgment of the board that examined the question for months in the city of New York, the board of which ex-Secretary Fairchild was chairman—following the judgment of that board, we have made the increased duty commence with the increased valuation of the Board of Appraisers. I hope that the amendment will be voted down and that the section will be allowed to stand as reported.

Mr. DINGLEY. I desire to say that it is the judgment both of the Treasury Department and of the board of which ex-Secretary Fairchild was chairman that the point of additional duty should commence at the point of undervaluation. Allow me to read what ex-Secretary Fairchild says in his report on this point: "This penalty or additional duty is required not only to punish and prevent willful undervaluations, but also to operate as a constant inducement to the importer to state with the greatest possible accuracy the true market value"—and I may say the importer knows the exact market value of the goods which he imports; in many cases he is the only man who does know accurately their exact market value—"and thus to aid the government appraising officers in the performance of their duty. Under the present system the importer has a margin of 10 per cent within which he may incorrectly state the market value, subject to no greater risk, should his entry be advanced, than the payment of the regular duty upon the amount added by the appraising officer to make market value."

And as a rule he states the market value where there is a difference, or if there is a difference in valuation, substantially 10 per cent below the market value, because he has 10 per cent leeway.

"If, however, no margin is allowed for differences of opinion between the appraising officer and the merchant, there is always an inducement to the importer to state the market value as accurately as he can, irrespective of the price he may himself have paid."

And for this reason that board, presided over by Secretary Fairchild, as well as the Treasury Department, unanimously agree that the assessment of additional duty should begin at the point of undervaluation.

Mr. McMILLIN.^a As I conceive it, it was very wisely provided there that the penal duty should not attach unless there was a difference of at least 10 per cent between the invoice value of the importation and the finding of value of the Board of Appraisers. It was at first thought by the committee that this difference might be fixed at 5 per cent, and I confess that I might have been content with 5 per cent; but when the committee undertakes to fix the penalty on the invoice because there is a difference between the invoice and the value

^a Congressional Record, March 17, 1896, p. 2889.

which is fixed by the appraisers which is less than 5 per cent, I think they go into an impracticable administration of the law and undertake to fix penalties for that which is impossible. * * * The expert said that it would be wholly impracticable for two men to come to the same conclusion as to the value of the goods to such an extent that the difference between them would amount to no more than 1 or 2, or even 5, per cent on the valuation.

The House passed the bill March 17, but owing to the late date, probably, and the early adjournment of Congress, because of the pending Presidential contest, no action was taken by the Senate.

After Mr. McKinley was elected President, and it became certain that the tariff would be revised again, the Committee on Ways and Means, in their hearings, received testimony on the effect of under-valuations, the following being put in evidence by Wilson Brothers, of Chicago, who wrote:

In visiting the several cities throughout Germany one's attention is especially called to the magnificent estates of parties who were formerly in the importing business in New York City. Scores and scores of such instances are named where the owners were residents of New York but a few years, returning to the old country to enjoy their wealth the remainder of their lives. As a rule, ten or fifteen years at the most has been the limit of time required to accomplish this result. We know of an instance where the founder made his fortune and returned within ten or fifteen years, his son succeeding him for the same length of time and returning likewise, and now the grandson is pursuing the same policy, with the expectation of following the footsteps of his predecessors. This has been and is being done by foreigners who have no earthly interest in this country other than to make money, regardless of the method, and return at the earliest possible date. All this is largely done at the expense of the native American importer, whose life, money, and influence is (are) at the call of the Government. This system will continue as long as consignments and ad valorem duties are in vogue.^a

Results finally obtained.

The long struggle to have the 10 per cent privilege taken out of the law was nearing the end; for when amendments were finally made to the customs administrative act the old invitation, eagerly and generally accepted, was revoked. The new law, as amended in 1897, closely following the amendments passed by the House at the last session of the previous Congress, required the importer, knowing the value of his importations, to state it correctly in his invoice, he being held to strict accountability and being obliged to pay extra duty for every 1 per cent of variation between the entered and the appraised valuation. The Committee on Ways and Means unanimously favored this change abolishing the 10 per cent, and it met with no opposition in its passage through Congress.

This law, like the act of June 10, 1890, was not long on the statute books before an effort was made to change certain of its features.

The Merchants' Association of New York appointed a committee, at the suggestion of President McKinley,^b "to make a careful analysis of the customs administrative act of June 10, 1890, as amended by the act of July 24, 1897, and to suggest such changes therein, or amendments thereto, as they might deem wise, for the better protection of the Government, domestic manufacturer, and the honest importer alike." When this suggestion was made by President Mc-

^a Hearings before Ways and Means Committee, 54th Cong., 2d sess., 1896-7, Vol. II, p. 2105.

^b See letter of transmittal, March 1, 1900, contained in pamphlet to President McKinley.

Kinley, or when the investigation was made by the committee, consisting of Messrs. John Gibb, A. D. Juillard, H. D. Cooper, J. Crawford McCreery, and Thomas H. Downing, the pamphlet does not disclose, the letter transmitting the report to President McKinley being dated March 1, 1900. It is safe, however, to conclude that the suggestion was made and the committee appointed between July 24, 1897, and March 1, 1900. The committee said in this letter that the suggestions contained in their report were prepared "after careful and earnest investigation of the many conflicting interests involved," and yet their suggestion for an undervaluation margin was only half that recommended by the commission to Germany and urged by the Secretary of State and the President. They wrote: "A margin of 5 per cent should be allowed between the entered and appraised value of merchandise before any penalties (additional duties) should accrue," and in suggesting 5 per cent they declared, "We believe that herein we express the views of the leading customs officials, as well as those of the importers."

As far as we can learn, after transmitting this report to the President, the Merchants' Association committee allowed it to slumber for some half dozen years before they took steps to revise and resubmit it. But when the German Government, urged by German exporters chafing under their inability to ply their undervaluations with old-time success, began in 1905 to negotiate for concessions in our customs administrative act where they "bear hardest upon German exporters," the time seemed opportune to join forces with the German ambassador and call the report to the attention of the President and the Committee on Ways and Means.

The German exporters asked, among other things, for a return to the 10 per cent margin under which so many of them grew wealthy at the expense of the Government's revenues and the honest importers of the country.

This request for a return to the old margin is significant and makes one familiar with their past record in this line doubt the good purpose of their demand and the wisdom of conceding it. The secret, it seems to the writer, can be found in the testimony given by witnesses and especially in the report of the Boston committee in 1886, which said:

The same system of undervaluation can be shown in the same manner in respect to woolen and worsted goods, especially those from Germany, none of which are regularly imported, and it can be shown by documentary proof that entirely, more particularly goods from Germany, has been for many years largely and systematically undervalued upon entry at the port of New York.

Suggestions made at the hearings given by the Committee on Ways and Means.

At the hearings given by the Committee on Ways and Means, Secretary Shaw, who thought "to give the importer no margin at all is a little severe," testified respecting the changes he would recommend as follows:*

Among the recommendations that I have made is a conditional concession that no penalty—additional duty—shall be imposed on undervaluation when the undervaluation is less than 5 per cent. If Germany had rejected our overtures I should then have recommended, in justice to the importer, the right to

* Hearings, Committee on Ways and Means, 1906, p. 23.

the Secretary of the Treasury to remit the penalty for undervaluation of less than 5 per cent when the Board of General Appraisers certified that in their opinion this undervaluation was the result of good faith difference of opinion.* * *

The Olcott bill^a was worded thus:

And if the appraised value of any article of imported merchandise subject to an ad valorem duty or a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry by more than five per centum there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of one per centum of the total appraised value thereof for each one per centum in excess of five per centum that such appraised value exceeds the value declared in the entry.

It further provided that the additional duties should not be penal and should not be remitted.

The committee on customs service and revenue laws of the Merchants' Association of New York wished section 7 to be amended so that it would read as follows:

And if the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof shall exceed the value declared in the entry by more than five per centum, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of one per centum of the total appraised value thereof for each one per centum in excess of five per centum that such appraised value exceeds the value declared in the entry.^b

Mr. Thomas H. Downing, chairman of the above-mentioned committee, in addressing the Committee on Ways and Means said,^c "I am only speaking of the honest representative merchants of the country and not the undervaluers." The explanation of the foregoing amendment submitted to the Committee on Ways and Means, and found on page 14 of the pamphlet printed by the Merchants' Association committee, reads as follows:

We respectfully submit that as actual market value of merchandise is not a definite quantity but fluctuates within certain limits and is more or less proportionate to the volume of the transaction; and since there is always a certain difference in the values given for identical merchandise when appraised by the best experts, margin of 5 per cent should be allowed between the entered and appraised value of merchandise before any penalty should accrue. We believe that herein we express the views of leading customs officials, as well as those of the importers.

The suggestion of the General Appraisers.

The General Appraisers testified concerning the proper margin to allow for difference of opinion as to value. General Appraiser Fischer criticised the amendment submitted by the Merchants' Association of New York, as follows:

They provide for a 5 per cent allowance between the entered and appraised value; as their proposal reads it would amount to this: Suppose, after a hearing of the board on a reappraisal case, they should find that the goods are undervalued 55 per cent; according to the reading of the amendment that will lop off 5 per cent and put them down to a 50 per cent basis. My amendment provides that when the whole increased valuation does not exceed 5 per cent the penalty shall be remitted if the general appraiser or Board of General Ap-

^a Hearings, Committee on Ways and Means, 1906, pp. 108 and 100.

^b See pamphlet, Revision of the Customs Laws: Report of the committee on customs service and revenue laws. The Merchants' Association of New York, January, 1906, pp. 13 and 31.

^c Hearings, Committee on Ways and Means, 1906, p. 18.

praisers shall certify that the increase is due to trade conditions only and is not an intentional undervaluation. This will protect the honest merchant and punish the other class.^a

The Board of General Appraisers' bill^b provided "that if the appraised value of any merchandise shall not exceed the value declared in the entry by more than 5 per cent, and the board of three general appraisers who decided the case shall certify that such increase was caused solely by reason of trade conditions the additional duties herein provided for shall not be levied or collected."

The Committee on Ways and Means again recommends amendments.

The hearings resulted in a number of amendments to the act being reported to the House by the Committee on Ways and Means, the one with which we are chiefly concerned providing that "if the appraised value of any article of imported merchandise subject to an ad valorem duty or to a duty based upon or regulated in any manner by the value thereof, shall exceed the value declared in the entry by more than 5 per cent, there shall be levied, collected, and paid, in addition to the duties imposed by law on such merchandise, an additional duty of 1 per cent of the total appraised value thereof for each 1 per cent that such appraised value exceeds the value declared in the entry."

The House voted against the 10 per cent margin.

When the amendments were on their passage in the House June 27, 1906, Mr. Olcott, who had introduced a bill making radical changes in the law, attempted to incorporate four of his own amendments into the various sections amended.

He made no argument against the section compelling accurate entry of merchandise; neither did he give any reason for his proposed amendment allowing a 10 per cent margin for undervaluation, except to say that he offered the amendments because of information he had obtained from the State Department. Then he added:

It seems that in a recent arrangement made, a *modus vivendi* between the State Department and the German Government in connection with the restriction sought to be placed by the German Government on American goods, the State Department, I think after consultation with the Treasury Department, made an agreement for a temporary agreement. Letters passed between the Secretary of State and the German ambassador and my impression and my feeling is, on information from the State Department that unless these amendments which I have proposed are placed in this bill, it will be an evidence of bad faith by us, or show that there is something in the nature of bad faith in the relations between our Government and the German Government. I certainly do not wish to do anything to interfere with the proper collection of customs or proper administration of our tariff laws, but I would rather temporarily have something disturb the system than that a well-grounded charge should be made against our Government that we had been guilty of bad faith in our relations with any other government.

Answering Mr. Olcott's remarks, Chairman Payne replied as follows:^c

It is true that there was some negotiation between the State Department and the German ambassador, and it is true that the State Department recommended to Congress a change similar to the change involved in this amendment—and I

^a See Hearings, Committee on Ways and Means, 1906, p. 67.

^b *Ib.*, p. 103.

^c Congressional Record, June 29, 1906, p. 9938.

think the Secretary of the Treasury was present at the time. Whether he agreed to that change or not, he did agree to recommend another change in another particular in the bill. * * * That arrangement did not permit [prevent] the appraisers appearing before the committee and telling the truth; that did not permit [prevent] the committee investigating this matter and getting at the facts, and we are unwilling, whether the State Department recommends it or not, to concede this amendment proposed to the law.

That Mr. Olcott was mistaken in his view of the negotiation with Germany is shown by the letter of Secretary Root to Chairman Payne in response to a resolution of the House requesting "information as to what arrangement or agreement the Department of State has made with the German Government in reference to tariff relations between the United States and Germany." Mr. Root, under date of February 28, 1906, wrote that "there has been no arrangement or agreement made between the United States and Germany, except as appears in the inclosed correspondence."

The correspondence as printed shows that in a communication written November 21, 1905, the German ambassador asked Secretary Root this question among others: "Could it be arranged that an additional duty be levied only in case the appraised value exceeds the declared value more than 10 per cent?"

Under date of February 16, 1906, Secretary Root, in a reply to the German ambassador, restated his question and replied as follows:

This would require congressional action. I inclose, marked "E," a proposed recommendation from the Secretary of the Treasury to Congress which applies the rule for which you ask to the extent of 5 per cent, and as to the remaining 5 per cent gives the Secretary of the Treasury authority to waive or remit the additional duty upon a certificate that the undervaluation was the result of honest difference of opinion—that is to say, under the proposed rule the additional duty would be imposed only in case the appraised value exceeds the declared value more than 5 per cent, and could then be remitted up to the point of a 10 per cent difference upon a certificate of good faith.^a

The amendment relating to undervaluation, offered by Mr. Olcott, read as follows:

That where the appraised value of any merchandise exceeds the entered value by not more than 10 per cent, the Secretary of the Treasury may remit the additional duties if the Board of General Appraisers should report that, in their opinion, there was no fraud or intentional undervaluation on the part of the owner, importer, or consignee of said merchandise and shall recommend such remission.

Speaking on this amendment, Chairman Payne said:

When the administrative act was adopted, in 1890, it had a provision similar to that giving the importer 10 per cent leeway on a guess, and as a rule he guessed about 9½ per cent. In other words, they undervalued 9½ per cent and strained their consciences to that extent. When we came to pass the act of 1897 the committee was unanimously in favor of abolishing this 10 per cent leeway. Now, if the goods have been undervalued and the valuation is raised by the board of appraisers over and above the price at which they are entered by the importer, the duties are paid according to the increased value and an additional duty, which outsiders sometimes call a "penalty"—but which is not a penalty, because, under the law, it is a duty—an additional duty of 1 per cent on the undervaluation is exacted upon the goods. Now, it does seem that at some time the Secretary of State agreed to recommend, and did recommend, an amendment similar to this amendment, * * * but the committee did not feel it was safe to go back to the old plan of 1890 to 1897. It was sought to get this 10 per cent clause in the bill, but we then thought we would go as far as 5 per cent and give them a chance to guess 4½ per cent; but we did not want to go

^a Congressional Record, June 29, 1906, p. 9939.

any further than that, because it might make too great a reduction of revenues and certainly would give the dishonest importer an advantage over the honest importer, who honestly appraised his goods and swore to his invoices when he tried to enter them. Now, by the action of the committee, after consideration, we concluded to give not to exceed 5 per cent.

This third amendment was lost and Mr. Olcott withdrew the fourth.

Notwithstanding the recommendation of the Board of General Appraisers, the suggestion of the Secretary of the Treasury, the report of the Committee on Ways and Means, and the action of the House of Representatives—all made or taken within six months of their departure on their mission—the commissioners sent to Berlin ignored them, set up their judgment as superior to all others, and made a recommendation which not only doubled the margin which the House of Representatives was willing to concede, but also doubled that urged by the importers' representative and the chairman of the Merchants' Association committee, who, in asking for a 5 per cent margin, declared that therein they were representing the views, not only of the leading customs officials, but the importers themselves.

If the amendment suggested by Mr. Downing's committee—which provided for a margin half as great as that recommended by the commissioners to Germany—represented the views of the leading customs officials of the country and the views of the importers themselves, whose views are represented by the recommendation of the Berlin commission? Clearly they represent those of the German consigning exporters, whose wishes were expressed by the German ambassador in his note of November 21, 1905, to Secretary Root, when he asked for an arrangement allowing a 10 per cent margin. His countrymen knew—if our Secretary of State and the commissioners to Germany did not—what the concession meant to them; for they had had experience under a like privilege, from which they had reaped handsome returns, the loss of which “bore heavily” upon them, and a return to which they eagerly awaited.

If granted, the effect of this privilege on the woolen duties and the protection accorded the wool manufacturer will be better understood by an illustration of its operation.

Under paragraph 316, of the act of 1897, woolen cloths valued at 71 cents per pound are dutiable at 44 cents per pound and 55 per cent ad valorem, which equals 83.05 cents duty, but if entered at 64 cents valuation, not quite 10 per cent less than true value, the duty would be 44 cents per pound and 50 per cent, equal to only 76 cents, a loss in protective duty of 7.05 cents per pound. If, however, the undervaluation is made on goods valued at between 40 and 70 cents per pound the loss of protection to the domestic manufacturer would be much greater, for he would lose not only a portion of the ad valorem duty but also 25 per cent of the compensating duty allowed him because of the duty on wool. For example, the duty on such goods is 44 cents per pound and 50 per cent ad valorem and on an importation valued at 41 cents per pound the duty is 44 cents plus 20.5 cents, or 64.5 cents; but if they should be entered at 37 cents value, not quite 10 per cent less than the true value, the duty would be assessed at 33 cents per pound and 50 per cent (18.5 cents) equal to 51.5 cents, a loss in revenue of 13 cents per pound and a reduction in the protective duty to the manufacturer of over 20 per cent. Similar conditions exist in all the paragraphs of the woolen schedule where dividing lines of value exist.

The changes in section 7 recommended by the commission to Germany.

In summarizing the changes the commission to Germany agreed to recommend to section 7 of the customs administrative act, the report of the commission says:

This recommendation covers the following changes in the law:

I. The right to add to an entry to make market value as to consigned goods.
II. The right to deduct from the invoice value at the time of entry, as to both consigned and purchased goods.

III. A 10 per cent margin within which additional duties shall not be levied.

IV. Reducing the 50 per cent limit, at which point the presumption of fraud arises and merchandise is seized by the collector to 35 per cent.

V. Granting to the Secretary of the Treasury the right to remit additional duties when it has been established that undervaluation was due to unintentional error.

VI. The provision that additional duties shall be construed to be penal and within the purview of section 5292 of the Revised Statutes, by virtue of which the Secretary of the Treasury is authorized to refund them in cases where the absence of fraud has been established to his satisfaction.

VII. Preventing the assessment of additional duties on goods subject to specific duty in all cases where the rate of duty is not changed by reason of the fact that the value found by the appraiser is greater than the entered value.

VIII. The privilege of paying duty on less than the entered value.

All of these propositions, with two exceptions (Nos. IV and VI), have been discussed in Congress and in published hearings before the Ways and Means Committee.

If these proposals had been discussed in Congress and in the published hearings before the Ways and Means Committee, why did not the commission also tell the President and the Congress that in the hearings of 1906 no suggestion was made by any advocate of a change for an absolute margin of 10 per cent, which the commissioners recommended and which experts have practically said is double what is fair or safe? The only witness testifying before the Committee on Ways and Means in 1896 who favored a 10 per cent margin was Mr. William M. Bunn, and he was obliged to admit that in Europe the margin allowed for undervaluations is fixed at 5 per cent. The suggestion for the 10 per cent margin was made in 1906 in the House of Representatives by Mr. Olcott, whose one reason for offering an amendment not in harmony with those made by the Committee on Ways and Means we have set out above; and in the House Mr. Olcott's amendment was rejected—of which important fact the report of the commission makes no mention. Mr. Root wrote the German ambassador February 16, 1906, that such a concession "would require congressional action;" the House voted down the proposal, and still the commission ignored that action, and went to the full limit of conceding Germany's wishes in recommending the margin of 10 per cent for undervaluations "without penalty." This return to the old law is urged by the commission in spite of all our investigations and experience without setting down in their published report a single reason for it. The only reason advanced by the President for the passage of the amendment is that "besides promoting harmonious relations between the contracting parties to the agreement in question" he regards "the proposed legislation as a meritorious measure for the improvement of our customs administrative act."^a

In his annual message to Congress, quoted in his message of January 22, 1908, the President said:

^a See Message, January 22, 1908, p. 3.

This careful examination into the tariff relations between the United States and Germany involved an inquiry into certain of our methods of administration which have been the cause of much complaint on the part of German exporters. * * * It is quite probable that this system tended toward an increase of the duties collected upon imported goods, but I conceive it to be a violation of law to exact more duties than the law provides, just as it is a violation to admit goods upon the payment of less than the legal rate.^a

Why the law has caused "much complaint on the part of German exporters" becomes plain when the testimony, taken in the various investigations, conducted by the Senate Finance Committee, Treasury officials, and the Tariff Commission, is examined. Such examination will show that undervaluations occur almost universally in merchandise consigned for sale, a branch of the importing business in which Germans are very generally engaged.

The President conceives "it to be a violation" of law "to admit goods upon the payment of less than the legal rate;" but nevertheless advocates the passage of a law which a quarter century's experience shows facilitated the entrance of merchandise at valuations enabling the owners to pay greatly less than the legal rates, with harmful results to the honest men in the importing business, domestic manufacturers, and the federal revenue. That this fact has been conclusively established, we confidently believe no one will deny who has examined the voluminous reports of the testimony given before investigating committees and the reports of commissions, committees, and Secretaries of the Treasury and Treasury officials.

Even Secretary Root when he wrote to the President under date of January 9, 1908, that the foregoing changes "are in line with the recommendations for the amendment of section 7 of the customs administrative act made by the Secretary of the Treasury in his letter of February 28, 1906, to the Speaker of the House of Representatives," was scarcely accurate in his statement. "In line with the recommendations of the Secretary," but going far beyond what he considered wise or safe, or what the General Appraisers advised and urged in the bill they drew."

Reference to Secretary Shaw's letter will show wherein his recommendation as to the margin for undervaluation is altogether unlike the one made by the commission and urged by the President for enactment into law.

Secretary Shaw's letter ^b is as follows:

TREASURY DEPARTMENT,
OFFICE OF THE SECRETARY,
Washington, February 28, 1906.

SIR: I beg to recommend the following amendments and modifications of the customs administrative act of June 10, 1890:

1. That section 7 of the customs administrative act of June 10, 1890, be so amended as to permit, at the time entry is made, such addition to the cost or value given in the invoice of consigned merchandise as, in the opinion of the consignee or his agent, may raise the same to the actual market value or wholesale price thereof the same as is by said act permissible of merchandise actually purchased.

2. I further recommend that section 7 be so amended as to impose no additional duty for undervaluation unless such undervaluation shall equal 5 per cent of the market value of the merchandise, and that the Secretary of the Treasury be authorized to remit all additional duty whenever the undervalu-

^a See message, January 22, 1908, p. 1.

^b Document No. 576, Fifty-ninth Congress, first session.

ation is less than 10 per cent of the value of the imported merchandise, provided the Board of General Appraisers shall certify that in its opinion the undervaluation is the result of good faith, differences of opinion, or error.

Respectfully,

L. M. SHAW, *Secretary*.

The SPEAKER OF THE HOUSE OF REPRESENTATIVES.

Although "in line with the recommendations" of the Secretary, there is a marked difference between the proposal that no additional duty shall be collected "for undervaluation unless such undervaluation shall equal 5 per cent, and that the Secretary of the Treasury be authorized to remit all additional duty whenever the undervaluation is less than 10 per cent of the value of the imported merchandise, provided the Board of General Appraisers shall certify that in its opinion the undervaluation is the result of good faith, differences of opinion, or error;" and the proposal that only in case the appraised value shall exceed the entered value by more than 10 per cent shall additional duties of 1 per cent for each 1 per cent in excess of the 10 per cent be imposed, as section 7, in its amended form, would mean. The two proposals are so dissimilar that it is difficult to understand how one can be in line with the other.

In view of the careful study given the laws governing the importation of foreign merchandise by so many competent committees since 1880 and the conclusions they reached, which are diametrically opposite those reached by the Berlin commission, one can not help but believe that the President was unaware of the great complaints caused by the lax law prior to 1897, a return to which he urges, of the investigations made concerning its working, and the almost identical conclusions unfavorable to it reached by the several investigating committees. We are persuaded, therefore, that his indorsement of the proposed amendment, allowing the 10 per cent margin, rested entirely upon the recommendations of the commission and was not the result of a personal examination of the testimony given to the Tariff Commission or the Senate Finance Committee or to the report submitted by the special agents to Secretary Manning.

What did the representative of the Treasury Department consider in reaching a decision?

Secretary Root informs the President, and through him the Congress, that "the foregoing changes were carefully considered and approved by the representative of the Treasury Department on the American Tariff Commission sent to Berlin, and have been unanimously recommended for adoption by the commission in its report."

If the representative of the Treasury Department carefully considered the changes recommended, as Secretary Root states he did, did he, in reaching his conclusions, consider the testimony given the Tariff Commission in 1882 on the evils following the increase of the importation of merchandise on consignment and the undervaluation of such merchandise? And did he consider the unanimous report made by the members of that commission, in which they recommended certain changes in the law which they deemed necessary and imperative?

Did he ponder the conditions described by Secretary Folger and the bill he urged to cure the conditions which caused grievous annoyance to the purchasing importers and Treasury officials?

Or did he take any notice whatever of the testimony heard by the Senate Finance Committee of 1885-86 or their conclusion that the right to undervalue imported merchandise 10 per cent should not be permitted to continue longer?

Did he give any weight to the report of the three special agents of the Treasury—two of whom later occupied higher positions in the department—made to Secretary Manning in 1885?

Or did he deem worthy of consideration the report of the Customs Commission, of which ex-Secretary Fairchild was the chairman, in 1893?

Or did he consider the testimony on the subject of undervaluation given to the Committee on Ways and Means in 1896, and that committee's unanimous action in 1897 against the 10 per cent privilege for undervaluation, or the additional testimony given the same committee in 1906, by the then Secretary of the Treasury and the changes suggested by him, the general appraisers, and even the committee on customs service of the Merchants' Association of New York?

No reasons given for the margin recommended.

If the representative of the Treasury Department carefully considered all the aforementioned testimony and reports and made his recommendation with full knowledge of the opposite conclusions reached by the Tariff Commission of 1882, congressional committees, Secretaries of the Treasury, Treasury officials and agents, he does not furnish the Congress a single reason or a single argument for favoring a reversal of their recommendations and reverting again to a law unsparingly condemned by all the reports ever made to Congress on the subject, that body being informed simply that this Treasury representative "carefully considered and approved the changes recommended." We have no record of any hearings held by this Berlin Commission or of any witnesses heard who favored the return to the 10 per cent margin, the value of their recommendation resting entirely and solely upon the knowledge of this one commissioner, whose action has the approval of his two colleagues.

In the face of such preponderating, overwhelming, and conclusive testimony as we have marshaled against the 10 per cent leeway, when considered with the character of the witnesses giving the testimony, how can this unsupported recommendation be accepted by those who seek not to legislate for special interests, if you please, but to make it possible for the Government to get a fair proportion of the duty written in the law, for the honest importer to continue in business, and for the domestic manufacturer to compete on something like equal terms with foreign rivals?

No court would allow a verdict for a 10 per cent margin to stand.

Where could be secured a jury prejudiced or rash enough to render a verdict for the 10 per cent margin in the case as made up in the records of Congress, unsupported as it is by any report or recommendation in its favor? And if rendered, where could be found the judge who would not speedily set it aside because against the evidence and the weight of the evidence? Where is the court that would ignore the overwhelming and convincing evidence against the margin

and rest a finding in its favor on the suggestion of a single under-official of the Treasury Department, even though approved by his fellow-commissioners?

Ought the legislation urged by all the committees of Congress, the tariff commission, and enacted by the House itself, be reversed solely on the suggestion of one man, who gives no reason for favoring the change? Ought the testimony of competent witnesses, almost unanimously against so large a margin, be treated as of no value, and the recommendation of the commissioner be adopted and enacted into law? Has such a case for the proposed amendment been made out as to justify a return to the intolerable conditions which prevailed in this country for more than a quarter of a century, and which, we had hoped, had gone never to return?

Unacquaintance with the history of undervaluation and the havoc played by them does not excuse.

If this recommendation in favor of the 10 per cent margin was given by the "representative of the Treasury Department" in ignorance of the testimony heard and the conclusions reached by the tariff commission of 1882, the Senate Finance Committee in 1888-89, various Secretaries of the Treasury, the General Appraisers, the Committee on Ways and Means, and the House of Representatives itself, ignorance of the testimony given and of the conditions existing under the old law, allowing the same margin he now urges, is not an excuse any more than "ignorance of the law" is a valid defense for a man charged with the commission of an act made criminal by a federal or state statute. It was his business, as it was the duty of his colleagues, to be thoroughly familiar with the country's experience under a law like the one for which German interests were pressing.

If he "carefully considered and approved" the proposed change with full knowledge of and in spite of the testimony of the expert witnesses we have quoted, then we are quite content to set their conclusions and their recommendations over against his, and rest the case thus made up without further argument.

It would be, we submit, a startling precedent for the Congress to set if the conclusions reached by its own committees after searching examination of witnesses were ignored, the advice of experienced General Appraisers and Secretaries of the Treasury disregarded, and the recommendation of a division chief in the Treasury Department accepted and enacted into law.

Is the Congress expected to reverse its own action in 1897 and 1906, stultify the labors of its own investigating committees and the Tariff Commission created by it, simply because the Berlin Commission says it ought to be done, or because the President authorized the Secretary of State almost a year after the adverse action by the House on the Olcott amendment—identical with the one now urged—to state to the German ambassador that "he will recommend to the Congress the enactment of the amendment" which the German consigning exporters so anxiously wish again to become the law?

Should this privilege—if regranted now—produce a tithe of the evil consequences which followed in its wake when the old law allowed the margin, how can it be said that it will do no harm to the fiscal and economic interests of the country? Would it not be a tre-

mendous price to pay for the good will of any nation? In the name of honesty ought it to be granted?

Grant this right by law, and all the boasted advantages—if there be any—gained by the United States in the German agreement will vanish as the fog before the noonday sun. The 10 per cent undervaluation privilege would be worth more to the consigning, duty-evading exporters than all the open hearings—though they have not been without their value—and all the modifications of customs regulations combined. This they knew, and their efforts were directed toward its attainment, first by diplomacy with the State Department, and second through the commission sent to Berlin, who yielded the very point which, we believe, the German negotiators deemed of the highest importance to their cause—next to the consummation of a complete reciprocity treaty—and agreed to recommend an amendment to the law permitting the coveted privilege. The favor of the commissioners was won, the support of the President and the Secretary of State was secured, and all that stood, and all that now stands, between many domestic interests and great loss, if not ruin, is the consent of Congress to this startling suggestion. Will the members of the Senate and the House “turn their backs” on past experience, the counsel of many of their distinguished colleagues, and accept the amendment urged? Or will they stand firm for the law passed in deference to a wide demand from all classes having to do with the importation of merchandise, that the gross frauds perpetrated under the privilege of a law should be lessened, and, if possible, stopped by the passage of an act compelling honest valuation of imports?

The honor of the United States is in no wise involved in negative action on this request, for the reason that the German ambassador was informed several months before the agreement was signed that the granting of a 10 per cent margin was a matter requiring congressional action. The President has fulfilled to the letter his promise to “recommend to Congress the enactment of an amendment to section 7 of the customs administrative act of June 10, 1890, as amended by section 32, act of July 24, 1897.” What it is wise to do remains for the Congress to decide.

The argument used for tariff revision, that times and industries have so changed since 1897 that schedules satisfactory then are out of date, is not at all applicable to this question of margin. On the contrary, with each year's growth of our imports, strict requirements for their entry at approximately correct valuations become the more imperative; for with the increasing quantity imported the greater are the chances for illicit gain, the greater is the temptation to undervalue, and the more difficult it is for honest importers and domestic manufacturers to withstand the dishonest methods employed by the undervaluers.

If it was against good morals ten years ago to permit this margin why is it advisable to grant it now? If it was inimical to the federal revenue; if it was destructive of the business of the honest importer ten and twenty years ago to permit this margin to continue, why would not a return to it now bring back the old disadvantages intensified by present conditions and greater opportunities?

If a 10 per cent margin was too much in 1882—when the value of imported dutiable merchandise in the calendar year was \$538,807,117—in 1885, 1893, and 1896, why is it not too much now

when the value of such imports has reached the enormous sum of \$787,035,536 in 1907!*

What reasonable man familiar with the gross wrongs committed under the old law and having a thought for the collection of the federal revenue and the preservation of the business of honorable men striving to comply with the law can conscientiously vote for the recommendation made by the commission, the Secretary of State, and the President?

Mr. CLARK. I would like to put this pamphlet in the record. I have already got his name there.

(The pamphlet referred to is here printed in the record in full as follows:)

HOW AN EXORBITANT DUTY UPON WOOL TOPS WAS CONCEALED IN THE DINGLEY LAW BY THE CUNNING MANIPULATIONS OF S. N. D. NORTH AND WILLIAM WHITMAN.

HOW TARIFF LAWS ARE FRAMED.

It is hoped that this little pamphlet will explain to the present Ways and Means Committee why Messrs. William Whitman and S. N. D. North should have very little to do with the framing of the present proposed revision of the tariff. In any event, the duty upon wool tops should be brought out into the open, where the public can see what it is.

It may be well at the outset to show the nature of the interest of Messrs. Whitman and North in, and connection with, tariff legislation.

Mr. Whitman's principal policy—developed many years ago by combining the study of worsted manufacture with the promotion of legislation at Washington—has consisted in inserting cunning phrases into our tariff laws for the benefit of a few individuals, which policy has enabled him to promote the great Arlington mills, at Lawrence, Mass., of which he is now president, and which is an artificial creation of a few artful sentences in the successive tariff laws of the past third of a century.

Some specimen sentences.

The process of manufacturing worsted cloth may be divided into four stages: The wool; the tops or straightened fibers, after the carding and combing; the yarns, which are spun from the tops; and the cloth, which is woven from the yarns. The theory of a properly adjusted protective tariff is that the duty upon each successive stage of manufacture should be a trifle higher than upon the preceding stage; that is to say, there should be a duty upon tops to compensate the tax which the top maker must pay upon wool, to which should be added a further net duty upon tops for the comber's own protection. In a similar manner there should be a compensatory duty upon yarns equivalent to the entire duty upon tops, which the spinner must pay,

*These figures are for the fiscal year and differ slightly from those to be found on page 9. They are the latest corrected figures, and are to be found in the Commerce and Navigation reports for 1907.

and then a further duty upon yarns for the spinner's protection. Then should come a sufficient compensatory duty upon cloth to offset the full duty upon yarns, in addition to a sufficient net duty upon cloth for the weaver's own protection.

Such a graduated scale of duties upon the various stages of manufacture is indispensable if the scale of duties is to bear with any degree of fairness upon the spinner whose raw material—tops—is the finished product of the comber, or upon the weaver, whose raw material—yarns—is the finished product of the spinner.

The feat of Mr. Whitman.

The feat of Mr. Whitman consisted in cunningly arranging the phraseology of the Dingley law so that the duty upon tops should be higher than upon the more advanced product, yarns. The result of this device is that while foreign tops are permanently excluded from our markets, worsted yarns are so near the importing point as to compete disastrously with small domestic spinners and throw the trade into the hands of the larger spinners like the Arlington mills, which control the price of tops. That is to say, the American top maker, like Mr. Whitman, who has also a spinning plant, can hold the price of tops above the ability of the small spinner to purchase, and thus monopolize a considerable portion of the domestic market for worsted yarns whenever the foreign yarns are near the importing point.

When the domestic yarn market is active and the worsted yarn spinner is busy, the Arlington mills finds an active demand for its tops. When the domestic yarn market is dull, the Arlington mills secures its full share of the business by spinning its tops into yarns, and killing off domestic competition by holding foreign yarns at the importing point. Mr. Whitman is able to accomplish this by the cunning phraseology through which he secured higher duties upon tops than upon yarns in the Dingley tariff law. We say "cunning phraseology," because there is no apparent rating of tops in the present law.

The duty trickily concealed.

The duty upon tops is trickily concealed in the following paragraphs:

864. Wool and hair which have been advanced in any manner or by any process of manufacture beyond the washed or scoured condition not specially provided for in this act shall be subject to the same duties as are imposed upon manufactures of wool not specially provided for in this act.

The paragraph of the present tariff law respecting manufactures of wool not specially provided for is as follows:

866. On cloths, knit fabrics, and all manufactures of every description made wholly or in part of wool, not specially provided for in this act, valued at not more than forty cents per pound, the duty per pound shall be three times the duty imposed by this act on a pound of unwashed wool of the first class; valued at above forty cents per pound and not above seventy cents per pound, the duty per pound shall be four times the duty imposed by this act on one pound of unwashed wool of the first class, and in addition thereto upon all the foregoing fifty per centum ad valorem; valued at over seventy cents per pound, the duty per pound shall be four times the duty imposed by this act on one pound of unwashed wool of the first class and fifty-five per centum ad valorem.

Consequently, while the duty upon tops valued at over 70 cents per pound is four times the duty upon wool, together with 55 per cent ad valorem additional, the duty upon the yarns spun from those tops with additional labor and expense is three and one-half times the duty upon wool and 40 per cent ad valorem.

At that time the Arlington Mills was not particularly prosperous; its stock had been selling below par; its indebtedness was large, and its credit not as high as to-day. In the midst of this state of affairs Mr. Whitman was engaged in building the largest top mill in the United States.

How it was done.

We now come to the question, How was Mr. Whitman enabled to secure this legislation? He is the principal factor in a small and somewhat indefinite organization called the "National Association of Wool Manufacturers." When the political campaign began which resulted in the election of President McKinley, a committee, of which Mr. Whitman was not a member, was appointed to raise funds in Boston in aid of that result. Mr. Whitman went to Canton, and after an interview with Mr. McKinley, interested himself in securing Republican contributions in New England. After the Republicans were securely in control of the Government and the new tariff bill had gone into the Senate Finance Committee, the secretary of Mr. Whitman's so-called "National Association of Wool Manufacturers," was given a place in the executive sessions of the Senate Finance Committee as a clerk, but was paid for his services by Mr. Whitman and his associates, and not by the United States Government.

Here are some samples of the correspondence and telegrams which passed between Mr. Whitman and Secretary North, of the "National Association of Wool Manufacturers," at that period:

ELSMERE, April 4, 1897.

DEAR MR. WHITMAN: Now, about the tariff. I can not, after what has been said to me in reference to my confidential relations with the committee, keep you posted as I would like to do. But if I find that it is desirable that you should come on here I will telegraph you that the situation requires attention, and you will doubtless have no trouble in finding out what is the matter.

In the meanwhile let me ask this question. Should tops at a 24-cent line have the same compensatory duty as yarns at a 30-cent line? Should tops at a 24-cent line have a compensatory duty of 27½ cents? Putting that value line so low was unfortunate, in view of the appearance it presents of making the compensatory duty alone more than 100 per cent. I am aware that the same thing occurs in cloths at the 40-cent line, but this tops is a new paragraph and will get closer scrutiny on that account. I do not want you to intimate to any Senator that I have written you on this subject, but to consider whether you can not, when the time comes, suggest raising the value line in the top paragraph to meet this kind of criticism.

I am well, although I am kept at work from 10 a. m. until midnight. There is an immense amount of detail, and I have not sufficient clerical assistance as yet. I am the only person whom the committee allows in its meetings, and it makes it very hard, but I expect to pull through all right. The retroactive provision of the House bill is an inexcusable thing, and it can not stand an instant in the courts, nor, as things appear, in the bill as it goes to the Senate. At present progress it will take a month to report the bill. How it will appear in comparison with the House bill can not yet be said.

Truly, yours,

S. N. D. NORTH.

BOSTON, April 6, 1897.

MY DEAR MR. NORTH: I have received your letter of the 4th, for which I am obliged. I suppose there is nothing for me to do but accept the situation as regards your keeping me posted, although I had supposed that, in reference to the interests you represent, you would be at liberty to communicate freely with your associates. It seems to me only reasonable that you should have this right.

In my opinion the committee will find it impossible to modify the duties on wool, but in the event of their succeeding in securing such modification, there should be no change in the duties on goods.

Mr. North, no change ought to be made in the top schedule. It is right just as it stands. It is an enormous reduction from the McKinley law. No possible legislation in connection with the woolen schedule could be so dangerous to the woolen industry as legislation that would favor the importation of tops, and all the representatives of the woolgrowers would oppose legislation that would in any way favor the importation of tops. There was never any complaint of the top paragraph in the McKinley law. There was never any complaint of the construction of the tariff laws in reference to tops prior to 1890. There should be no complaint now in reference to the proposed duties on tops, which are very materially lower than they have been at any time since 1867. I depend upon you to look out for my interests in this regard. You know how important it is, not only to me, but to the whole worsted industry of the United States, that such rates of duty should be imposed upon tops as will enable them to be made here and not be imported from foreign countries. If there is a single point in reference to this that you do not understand, you ought to communicate with me at once, so that it may be explained. There would be no difficulty in my satisfying the members of the subcommittee on this point, and if there is the slightest danger of any change I must see these gentlemen before it is too late. If they understand the matter properly, they will make no change. The prosperity of the woolen industry in this country depends wholly upon the ability of the domestic manufacturers to manufacture the tops here. What a ridiculous position we should be in under any legislation that would favor importing tops and discontinuing making them here! * * *

Yours, sincerely,

WM. WHITMAN.

To S. N. D. NORTH, Esq.,
Washington, D. C.

BOSTON, June 2, 1897.

MY DEAR MR. NORTH: We all depend upon you to watch closely our interests, to see that nothing is overlooked or neglected by our friends on the committee. I have no doubt they will do all they can do, but with so many interests to look after, our special representative must see to it that our interest receives proper attention.

Yours, very truly,

WM. WHITMAN.

To S. N. D. NORTH, Esq.,
Washington, D. C.

BOSTON, June 9, 1897.

MY DEAR MR. NORTH: [After some discussion of other matters.] Bear in mind that I am depending upon you wholly to look after my interests in connection with the tariff bill, I do not want anything that is not given to others, but it is of the greatest importance that the Arlington mills products have the full measure of protection accorded to associated industries.

Yours, very truly,

WM. WHITMAN.

To S. N. D. NORTH, Esq.,
Washington, D. C.

WASHINGTON, D. C., June 10, 1897.

DEAR MR. WHITMAN: I have your letter and the memorandum for Senator Aldrich regarding cotton yarns. I am somewhat at a loss to know what is best to do these days. Senator Aldrich has been seriously sick, and he does not ap-

pear to be getting any better. I am doubtful if he will appear again in tariff matters for some time, not merely because of his health, but because I suspect he feels keenly the manner in which the Republican Senators are treating the tariff bill—so largely the work of himself. The general character of the bill is being changed at nightly meetings, which are more like town meetings than meetings of the Finance Committee, and it must be humiliating and galling to him in the extreme. I have not heard him say a word, and I may be all wrong in my surmise. He has not read his mail for ten days—and that is one reason for my thinking as I do—although his sickness is doubtless sufficient to account for that. What will happen when the textile schedules are reached (which ought to be by next week) I can not say. I will do the best I can with Mr. Allison when the time comes, but he knows nothing about the understanding I have with Aldrich on the worsted yarn schedule. The cotton manufacturers, I understand, are coming next week to demand additional duties on certain paragraphs because of the 20 per cent duty on cotton.

Please say nothing to anybody about what I have written as to Mr. Aldrich. I have said it to no one else, and I may be all wrong, as I trust I am.

Sincerely, yours,

S. N. D. NORTH.

WASHINGTON, D. C., *June 20, 1897.*

DEAR MR. WHITMAN: It is lucky I was here and just in the position I am. It has given me a whole day to work on the matter and get it right, and with Aldrich away there is no one on the committee who knows anything about it. But Allison and Platt trust me, and I expect they will both agree to what I have asked. I went all over the matter with them last evening.

Truly, yours,

S. N. D. NORTH.

BOSTON, *July 10, 1897.*

MY DEAR MR. NORTH: I am unable to go to Washington and have no one to look out for my interests there but yourself, and I depend upon you. Of course Messrs. Aldrich and Dingley will do all they can, but I depend upon your letting them know what I need. I depend upon you. Dress goods, yarns, and tops.

Yours, very truly,

WM. WHITMAN.

How well the service which Mr. Whitman demanded of Mr. North was accomplished is indicated by the present ratio of duties upon tops, as already described, and we invite careful consideration of the preliminary statement of Mr. North in one of the letters printed above that "I cannot, after what has been said to me in reference to my confidential relations with the committee, keep you posted as I would like to do." And again, "I am the only person whom the committee allows in its meetings."

For this service Mr. North was given a present of \$5,000 by Mr. Whitman and his associates. And recently the Arlington Mills' stock has been receiving 8 per cent dividends, and has divided a stock dividend of \$1,000,000 among its shareholders, and is now selling at 133. Mr. North was subsequently made superintendent of the United States Census, which position he now holds. Mr. Whitman has been a familiar figure at Washington in all tariff legislation for years, serving some years after his arrival in this country, as an immigrant from New Brunswick, as an occasional paid lobbyist at Washington, where he acquired experience which, combined with his knowledge of worsted manufacturing, has enabled him to combine the two branches of experience in securing legislation for the benefit of the Arlington Mills.

Mr. Whitman at Washington.

In a case which was on trial in Boston in April, 1902, Mr. William Whitman was cross-examined with the following result:

Q. Now, you say you were never a lobbyist? "Lobbyist" is an elastic phrase. You went to Washington; you have been on to Washington a good deal to interview committees and Members of Congress in support of certain legislation, haven't you—tariff legislation?—A. I have never solicited. I don't know just what you mean.

Q. Perhaps you can just listen to my question. I think my question admits of an answer yes or no. [Question read by the stenographer.]—A. I have interviewed committees; yes.

Q. And Members of Congress outside the sessions of committees?—A. I don't think I ever did.

Q. How long were you in Washington at a time?—A. I have been in Washington two and three weeks at a time.

Q. And do you mean to tell me that you never said anything to Members of Congress outside of the committee room?—A. I never asked anybody in my life, anybody connected with Congress, to vote for any specific thing in my life.

Q. And that you are willing to say?—A. It is the truth.

Q. Now, you yourself, haven't you been paid for your services in connection with tariff matters when you first went on there?—A. No.

Q. Do you mean to tell me that you did not receive compensation from other manufacturers when you first went to Washington in regard to tariff matters?—A. I will tell you all about it, but if you ask me the question in that form I will say, No; I was never compensated for anything.

Merely a small purse.

Q. Very well. If the form of the question permits that answer, what do you mean? What is your explanation?—A. Why, much to my surprise, there was, somewhere about 1883, I think it was in 1883, a few gentlemen got together and made up a small purse to help me, and gave it to me. I have forgotten how much it was. But I had been paying my own expenses there and had been there a great deal. That was way back twenty years ago.

Q. You say you were paying your own expenses? Do you mean that those were paid by the Arlington mills?—A. What?

Q. Do you mean you were paying them, the Arlington mills were paying them?—A. I don't know. I don't remember now who paid the expenses.

Q. I thought you said you had been paying your own.—A. I paid them myself; whether I was reimbursed by the Arlington mills or not for my expenses I don't remember.

Q. I often pay the expenses of witnesses.—A. Well, in traveling, you know, and those kind of things, you hardly ever collect.

Q. You generally collected from the Arlington mills all your expenses in Washington, didn't you? You would not undertake to say that all this work that you did in the tariff was a waste of time?—A. Well, if I have not collected my expenses I have been very remiss.

Mr. CRUMPACKER. I have a short statement sent me by a manufacturer of woolen fabrics from Laporte, Ind., in support of the present rates, which I should like to have published in the hearings.

The CHAIRMAN. Very well.

(The paper referred to is here printed in the record in full, as follows:)

LAPORTE, IND., November 28, 1908.

Hon. E. D. CRUMPACKER,

House of Representatives, Washington, D. C.

DEAR SIR: According to our understanding the wool and woolen industry has its hearing before the Committee on Ways and Means on December 1 and 2. As it will be impossible for any member of our

concern to be present before the committee in person, but being vitally interested, we desire to give you personally an expression of our views.

In the first place, we realize that there can not be a reduction in the duties on raw materials (wools) unless there is a corresponding reduction made in the duties applying to the manufactured article. We have particular reference only to that character of wool which is incorporated in the products such as we manufacture. It may be, however, that carpet manufacturers would advocate the lowering of duty on carpet wools, owing to the insufficient domestic supply.

The trend of style has changed so materially in the last eight or ten years that the demand for both ladies' and men's wear is continually for lighter weight materials of woolen construction. This is more pronounced in ladies' wear than in men's wear; therefore, it is possible on the basis of the present duties for the foreign manufacturer to be highly competitive with the domestic manufacturer, and the duty on these particular materials is rather too low than too high, inasmuch as the specific duty, which is the greatest source of protection, does not operate to any great advantage to the domestic manufacturer on these lighter weight materials. On the heavier weight fabrics, of course, the combined ad valorem and specific duties operate more effectively.

As a general proposition, we advocate that the duties on wool and fabrics of woolen construction for ladies' and men's wear be permitted to stand as they are to-day. The fundamental consideration is the difference in the cost of labor in France, Germany, and England, as compared to that paid for the same identical labor in the United States. This is a highly important factor in the woolen industry. Bradford, England, pays the highest wages in the woolen industry abroad.

A weaver in Bradford, England, makes £1 per week, equal to about \$4.88 American money, while we are paying for this same class of work no less than \$10 per week as a minimum and as high as \$15. The earning capacity of some of our expert weavers is even in excess of the latter amount; all other labor is in exact proportion.

In France the finest fabrics for ladies' wear are produced. These fabrics are of the very finest texture, decidedly light in weight, and very sheer. At that the cost of labor entering into these fabrics is of a very minimum amount, as the work is largely done by the peasantry, who take the warps home with them and weave the fabric on hand looms, the whole family bending their energies on getting out the product, for which they receive only a few francs per week, which in American money amounts to a song. The same applies to Germany.

We trust that the few facts we have given you herein may be of some value and will receive due consideration.

Thanking you in advance for your courtesy, we are,

Yours, very truly,

SAMUEL FOX'S SONS,
By MAURICE FOX, *President*.

STATEMENT OF MR. GEORGE BOWYER, OF PHILADELPHIA, PA.

Mr. Bowyer. Mr. Chairman and gentlemen of the committee, I am authorized to present this petition, signed by 10,000 textile workers.

(The petition referred to is as follows:)

WORKINGMEN'S PROTECTIVE TARIFF LEAGUE OF PHILADELPHIA.

A petition of the textile workers of Philadelphia to the Committee on Ways and Means of the Sixtieth Congress.

GENTLEMEN: The Workingmen's Protective Tariff League of Philadelphia appeal to your committee for favorable consideration of the following schedules in the Dingley tariff bill, which we desire to have amended, so that these industries may be sufficiently protected:

First. The enormous importation of 51,114,112 yards of Japanese, Chinese, and India straw matting, valued at \$4,333,044, during the year ending June, 1908, has almost destroyed the ingrain-carpet industry of our city. We believe that if it were not for this enormous importation there would not be an idle loom in Philadelphia.

Second. The hosiery industry of Philadelphia has suffered a great loss by the trade agreement with Germany, whereby our market has been flooded with German hosiery. We earnestly petition and beg your honorable committee to undo this great wrong to American industry and labor by giving a sufficient protection to hosiery.

Third. That no general demand or concerted action against a majority of the textile schedules exists is proof that in the main there should be no lowering of the bars, but in many of the schedules there should be a material increase of duty to meet the slump in the European market and the determined efforts of the manufacturers of Europe to get our market at any cost, as shown by the importation last year of \$154,688,770 worth of textiles.

Fourth. We request and earnestly urge on the committee that the language used be so clear and definite that there shall be no misunderstanding the meaning of any clause, and that it may not be possible to have 12,000 decisions adverse to the tariff law, and that no person shall make or execute any agreement whereby the minimum rate will be decreased or any undue advantage given to any business at the expense of the textile industries of our country.

(Mr. Bowyer submitted the following paper:)

In regard to protective tariff as it affects the American workingman, the theory underlying protection is simple yet wide-reaching. It is that all classes of society are benefited by the protection of American industries against the importation of foreign goods. In thus fostering our own productions it is evident that the workingman represents the largest number of individuals who are directly benefited. The practical proof of the correctness of this theory is found in the fact that there is no country in the world where the working classes enjoy as many blessings and privileges and where they come in for so large a share of the material advantages of prosperity as in America. It is to America that the poorly paid and poverty oppressed working classes of all foreign countries look for relief, and it is under the operation of high protective tariff that immigration has reached its pres-

ent magnitude. This is one of the strongest arguments in favor of protection, for it proves the direct results to the workingman in providing for him the means of earning a livelihood.

The argument that the workingman is obliged to pay more for his goods on account of high tariffs is a weak one. It is apparent, in the first place, that he is better able to purchase these commodities when he has an income than he would be if shut off from all opportunities of wage-earning by the introduction of foreign-made goods; secondly, that these commodities form a comparatively small part of his wants in life; and, in the third place, they include many luxuries and non-essentials for which he has no use and no desire, and, again, the cost is not so materially advanced over the imported article as to seriously affect him.

As you know, there are two theories of tariff—that for protection and that for revenue. The requirements of the Government at the time of our separation from Great Britain necessitated a revenue tariff of 5 to 10 per cent. This steadily increased year by year until from 1830 to 1840 it reached an average of over 30 per cent. Prior to the civil war this revenue tariff had increased still more, and it is quite evident that with the increased demands of the Government today the tariff for revenue only would amount to practically a protective basis. I have carefully followed the arguments made for tariff revision, and I can not see where anyone is to be benefited by such a revision, nor how changes of a radical nature are to be made without seriously disturbing the present harmonious workings of our American industries. The cry for free raw materials is misleading, for it is doubtful if the present duties on raw materials are much more than a fair revenue tariff, while the higher protective tariff on manufactured products is in the interest of the workingman, protecting him against the low wages of Europe.

Again, most raw materials have some corresponding product of our own country that is protected by the tariff. Take, for instance, in our own industry. Carpet wools compete largely with our own wool-raising industry, and also with our cotton planting. Lower the duty on carpet wools and thereby cheapen raw material, and you injure these two American industries, causing corresponding suffering among the workmen employed therein. The Government would also suffer on account of diminished revenue.

There is good reason why a protective tariff should be put on dye-stuffs. These are largely produced in Germany. Is there any reason why we should not foster and develop the industry here? Why do we not protect aniline manufactured at home? We have the raw material, and adequate protection would not only give employment to American workmen, but it would protect us who are employed in our mills from the possible results of a war in Europe, which, by stopping the making and exporting of these dyes, would cripple our mills and compel us to stop.

I believe that a tariff of 40 to 50 per cent ad valorem on all raw materials would work no injustice to American purchasers; that it would provide little more than a revenue tariff; that it would serve to develop yet undeveloped American possibilities. The actual increased cost of manufactured goods resulting from the tariff on raw material is comparatively small, the main cost of the finished product being represented in labor. This is an actual and important fact that can be easily proven by figures.

The present tariff schedule on floor coverings, as indicated by items 372, 373, 374, 375, 376, 377, and 378, I would check O. K. Under these figures our carpet and rug industries have flourished, our employees are receiving good living remuneration, we are able to maintain a high standard of quality, and the price to the consumer is as low to-day as it has been at any time since the civil war. In fact, many goods are lower than ever before. I think oriental rugs should be omitted from 379 and put into a class by itself. These goods are mainly valuable because of the unique method of their production, and are bought only by people of means, who desire them for their associations. There have sprung up in the East factories run by European and American capital in which these rugs are woven to order, thus destroying the very features for which they are valued so highly. If a tariff of 25 cents, or even more, a square foot, and in addition thereto 40 per cent ad valorem, were placed on these goods, I would consider it a benefit to all concerned and an advantage indirectly to the American workingman.

In order to cover all possible evasions under item 381, I would suggest that 100 to 150 per cent should be substituted for 50 per cent therein.

I do not know what else I can say on this subject. I can see clearly, however—and I speak from a viewpoint that I think enables me to see widely over the entire field—that any revision of the tariff which would place foreign goods on an equal basis with our own would affect, first of all, the great mass of American workingmen in every industry and every capacity. Capital would readjust itself quickly on the new basis, but labor would lie helpless before the direful results of an attempt to tamper with the greatest factor ever devised for its benefit.

Yours, sincerely.

GEORGE BOWYER,
Philadelphia, Pa.

STATEMENT OF MR. JOHN S. STUART, OF PHILADELPHIA, PA.

MR. STUART. Mr. Chairman and members of the Ways and Means Committee, I thank you because I know you have probably conducted your hearings so as to give an opportunity to the workingmen to make statements to you, because we have come here from Philadelphia to do that, and I want to say that we thank you because you have done that. Now, Mr. Chairman, I want to say that it is the second time I have been before this Ways and Means Committee. When you, sir, were a member of that committee, and my friend, Mr. Dalzell, from Pennsylvania, in 1893, I appeared before the Ways and Means Committee of that Congress to advocate what I am here to advocate to-day, and, Mr. Chairman, we want to call the attention of the committee to one of the most important items in the schedules that shall come before this committee at this time. We believe this item is one that is of vital importance to the workingmen of our district.

I want to call your attention, Mr. Chairman, and ask for consideration from every member of the committee, both the majority and minority of the committee, upon this schedule. During last year there were imported into this country of ours 51,000,000 yards of Japanese and Chinese and India straw matting. Gentlemen of the committee, that 51,000,000 yards, of Asiatic labor, displaced in our

district, in the city of Philadelphia, 1,000 American citizens who were employed in the manufacture of a low grade of ingrain carpet. Those are the facts that are here. The total value was \$4,333,000, showing that the average cost of this matting was \$8.40, to be accurate. We claim that as American citizens, as American workingmen, it is utterly impossible for us to compete with Asiatic labor. We have heretofore been enabled to compete, with and through the assistance of the tariff. We have been able to compete largely with the labor of Europe, but whenever it has come down that we must compete against the Asiatic labor, when it has come that we must compete as American workingmen against the labor of Asia, against the Japanese labor, which is probably the lowest paid labor in the world, then it is a question that we can not survive, and I say, as a result—and these are the facts—during the last five years in the city of Philadelphia 1,000 ingrain carpet looms were displaced because of the importation of this Japanese matting.

Again, Mr. Chairman, we are here to plead that there might be some modification, that there might be some action taken by this committee to stem the tide of importation into our country of these German-made goods. We find that in 1906, 1907, and 1908 there was a continuous increased importation of German knit goods and hosiery. We find in the year 1906, \$6,383,371; 1907, \$7,830,988; 1908, \$8,331,961, showing a continuous steady increase, and the result has been in the district of Philadelphia this last year that there has been more idleness amongst the textile workers of that district than any time for a number of years, and in some of the manufacturing districts, and some of the manufacturing establishments in the city of Philadelphia, from a pay roll of \$10,000 the pay was reduced to \$6,000, showing that the importation of this class of German hosiery was displacing our American-made hosiery, and the consequence was that the workingmen of the district were out of work because the German workingmen were taking their places.

That brings me to my second proposition, Mr. Chairman and gentlemen of the committee, that while we had to compete with England previously, where wages were probably 50 per cent less than ours, we are competing with Germany now, where the German wages are only about 33½ cents to the dollar, and, Mr. Chairman, as we make those statements there are thirteen gentlemen here, practical men, men who have worked all their lives in the mills, men who have worked in England and Scotland and Ireland, and these men know the practical results and the practical benefits of tariff in this country. There is not a man here in this delegation but knows the wages paid on the other side and the wages paid here, and we claim, Mr. Chairman, and insist that the workingmen of this country are better paid, better fed, and better clothed than any other workingmen in any other place in this world, and we claim, and we believe we know from practical experience, that every particle of that benefit we have received in this country because of these conditions is due entirely to the benefits we derive from the tariff.

Mr. Edward Steel, before the commission appointed by the Senate some time ago, made this statement. He said that while he operated a factory in Bradford, England, under the tariff law of 1882 he was able to send into this country a certain class of goods. When the McKinley tariff law was passed those goods were cut off from this

country and he was compelled to move his plant from Bradford, England, to Bristol, Pa., and the result was that the employees he employed in Bradford, England, after coming to Bristol, Pa., with him, received in wages in Bristol, Pa., very near twice as much, and in some instances very near three times as much, as they received in Bradford, England. Further, while in Bradford, England, he made a profit from the manufacture of a yard of goods which in this country was only about one-half, showing that, while the manufacturer abroad received larger returns for his goods, the manufacturer here, by the increased market, due to the great demand of the American workingmen, the great possibility of the American workingmen, consumed so much that, while he could sell 1 yard of cloth imported to this country, in our own country he could sell 10 yards of cloth, because he had the American market, which he believed, and which we know, is the best market in the world. The American market is the best, because we receive better treatment and higher wages than in any country in the world.

Let me give you gentlemen a few statistics. As workingmen we are here to testify to-day. I want to give you the facts, not theory. I did not come here to plead for some revolutionary law. I do not come here to plead for some confiscatory law. I come to plead for a law that, as a practical workingman, as a practical organization of workingmen for ten years, we believe has produced the best results that have ever been produced in this country or in any other country on the face of God's earth.

We find, Mr. Chairman, in the building and loan association of which I am a director and with which I have been identified for a long time—and I want to say in passing that there is not a State in the Union where there are so many workingmen who own their own homes as in Pennsylvania, and there is not a city in Pennsylvania nor in the world where the workingmen own as many homes and live in so many individual dwellings as in Philadelphia. But we will go outside of that, because this is a national question. We find in the United States in 1906 that in the building and loan associations there were deposits of \$673,000,000. We find in 1907 deposits of \$728,000,000, showing an increase for the year of \$55,000,000. We find Pennsylvania, the Keystone State, the State that stands for protection, the State that has received more from protection than any other—we find that State of Pennsylvania with an increase in its building and loan associations in that last year of \$10,000,000. We find that the second State, one which has always been a protective State, the State of Ohio, has \$8,000,000, and we find an increase in membership of 100,000.

I want to take you again to the savings banks, because I take these two pacific institutions as representing the rank and file of the workingmen of this country. The banker does not go to the building associations, the corporation man does not go to the building association. It is composed largely of the workingmen and men of small or moderate means. The savings banks of the country in 1907 numbered 1,415. We find 8,588,811 depositors. We find \$3,690,078,945 deposits. We find an average for each one of \$429.64. We find further, Mr. Chairman and gentlemen of the committee, as a result of this tariff question, that the United States leads every nation in the world in savings deposits. We find the United States first, with \$3,690,078,945;

Germany second, with \$2,831,333,000; Austria third, with \$1,033,181,961, and the United Kingdom fourth. These, gentlemen, are facts that speak louder than any words. These are facts that we, as workingmen, are here to-day to demonstrate to you, because we believe in them; we know what they are; we have experienced them, and consequently we are here to testify to what the protective tariff has done for the workingmen of Pennsylvania, and we find, gentlemen, that according to the official reports our system of protective tariff, the Dingley tariff bill to-day, has made the past ten years the most prosperous ten years that has ever been in the history of this country.

We find that during that period 1908 our imports are \$1,194,341,792. We find our exports, notwithstanding all this question that may arise as regards raw material, \$1,860,773,346, showing a balance of trade during the year of 1908 in our favor as a nation of \$666,431,554. Second, the very principle of our protective system has brought to this country the choicest workingmen of the world. The high wages offered to the workingmen of this country because of the system of protective tariffs have brought to this country from every part of the world the best workingmen, and this has also kept them in this country when they have come here. We also find that it is impossible, within the confines of the whole country of ours, to form any trust along the lines of textiles, because a textile is not like a great many of these larger commodities. It is not like some of the large corporations. Any man with a moderate amount of money, ten or fifteen or twenty or twenty-five thousand dollars, can start a textile business. We find that there is competition, and we find that the very fact of this protective tariff of our country has kept out foreign labor, has kept out the importation of foreign labor, and has given to the American workingman the best market in the world. We are here to testify, Mr. Chairman, and to put on record our testimony as workingmen, as an organization of workingmen, organized in 1893, incorporated in 1903 under the laws of the State of Pennsylvania, that the tariff has been the best advantage, has done more for the workingmen of Pennsylvania than any other law that has ever been enacted by the National Legislature.

Mr. Chairman, as a testimony to what I say I want to submit to the gentlemen of this committee, especially the minority members of this committee, one of the strongest arguments I think I ever saw published in the paper, and I do not quote this; I do not take this from any of our own papers; I take this from an English paper given to me last Saturday, and here it is, gentlemen. Shall I read it to you? Here is the picture here. Here is an English workingman standing with his tools, idle. Here is Johnny Bull standing here with all his goods packed up, and here you see the nations of the world building a tariff wall; and this English workingman says to Johnny Bull—I will read you what he says. He says:

They built that wall to keep you and me out and give their own workmen a job. Why don't you stop your dumping and give me some work?

Now, Mr. Chairman, I would like to submit to the gentlemen of this committee, especially the minority members, what an English workingman thinks about our American tariff. I want to say, gentlemen, further, that I happened to have the opportunity to go over to the other side four years ago, and, riding in one of the public con-

veyances of Great Britain, I asked a gentleman a question in reference to where the post-office was. He said to me immediately, perceiving that I was an American—he said to me, “What do you think about this country’s tariff in England?” I said to him, “If I was an Englishman I would be for tariff.” He says, “You would?” I said, “Yes.” He said, “Why?” “Because,” I said, “I believe for you as an Englishman it is the best thing in the world.” He said, “Don’t you know it will work against the United States?” I said, “My friend, never look out for somebody else; you look out for your own country first.” And, after all, gentlemen, I think that is the principle, as Americans, that we should work on. We should not be here to legislate for England, Germany, France, or any other nation in the world. We should not be here to sneer at American manufacturers or American workingmen and to try to show them up. Don’t you know there is nothing possible for the German Government to do but that they do for a manufacturer who has the object in view of exploiting his goods? Don’t you know they will go out of their way to give that man facilities on the steamships, on the steam roads, every possible help they can give him that he might invade the markets of England, of Germany, of America, and of every other nation?

The CHAIRMAN. Don’t you think you are a little hard on the gentlemen, in view of the recent election?

Mr. STUART. No, Mr. Chairman.

Mr. COCKRAN. Do not spare us.

The CHAIRMAN. I was going to inquire whether you have any suggestion to make about the amendment of the tariff law, or whether you want it as it is now? We are more interested in that.

Mr. FORDNEY. I submit that the gentleman should be allowed to finish the statement.

The CHAIRMAN. Then there is another difficulty; each one of these gentlemen will want to make a speech after you get through.

Mr. STUART. I wish I could inflict the same punishment on them that they inflicted on the gentleman who preceded me. I would like to keep them until morning if I could.

The CHAIRMAN. Never mind about that.

Mr. STUART. The point that we are here to-day to make is to ask the committee to take into consideration these two items, especially one item of the importation of Chinese and Japanese matting; and, second, to take into consideration the agreement with Germany, whereby we have felt that we have been suffering from that agreement. Whether it was made wisely or unwisely we are not here to say, nor are we here to say to the committee what specific rate of duty they should put on matting. The matting to-day is, we find it, 3 cents a square yard. Whenever you put 3 cents a square yard to 8½ cents, which is the cost of the matting, how do you expect us American workingmen to produce a yard of carpet and compete with this product of Asia?

Therefore, we are here to-day, and we thank the committee, because I know the time is limited, for the attention they have already given the speaker, and probably, if we had more time, we could go into it more elaborately. But as we find the committee has extended the time, and has also kept in session for the purpose of giving the workingmen an opportunity to be here and present their case, I shall detain you no longer, but I presume that some of the gentlemen prob-

ably want to ask some questions, and if I can answer them, I will do so honestly, intelligently, and truthfully.

Mr. FORDNEY. I want to correct him on one thing. It is a mistake about the committee waiting until 6 o'clock on account of the workmen. We commonly sit until 7, but we are going to sit only until 6 to-day.

Mr. CLARK. I assure you the minority is willing to sit here and hear you talk all night.

Mr. COCKRAN. I would like to see that cartoon. This cartoon shows the British workman in a state of distress and the workmen of all the other countries of the world apparently in a state of great prosperity?

Mr. STUART. Yes, sir.

Mr. COCKRAN. Is that a fact, do you think?

Mr. STUART. That is a fact; yes, sir.

Mr. COCKRAN. According to you, the British workman is paid less than the workman in Italy, France, and Germany, and the other countries.

Mr. STUART. I said the British workman gets 20 per cent more than he does in Germany.

Mr. COCKRAN. Then why is he in greater distress?

Mr. STUART. Because the German is flooding the English market to-day with goods manufactured in Germany at the lower wages, so that the English workingman is idle.

Mr. COCKRAN. If he is idle, he is getting nothing at all.

Mr. STUART. That is the reason, don't you see? Because the German is getting 20 per cent less in wages, he is flooding the English market.

Mr. COCKRAN. Do I understand you to say that the English workman is getting nothing at all, and therefore is getting 20 per cent more than the German? [Laughter.]

Mr. STUART. No, sir; I said that the German is getting in the proportion of 50 cents to our dollar, and the Englishman is getting in the proportion of 50 to 30.

Mr. COCKRAN. Is the Englishman getting in the proportion of 50 to 30 as compared with the German?

Mr. STUART. Yes.

Mr. COCKRAN. And yet the Englishman is living under absolutely free trade, and the German has a high protective wall around him?

Mr. STUART. Yes, sir.

Mr. COCKRAN. Then, how is it that free trade in England has operated to give the German workman the advantage?

Mr. STUART. They are doing that for the purpose of getting them to the loom.

Mr. COCKRAN. Yes; but where are the wages coming from?

Mr. STUART. Out of the blood and bone and sinew of the German workingman.

Mr. COCKRAN. Then the German is making good to the Englishman the superior rate of wages he is enjoying.

Mr. STUART. Yes; and he gets a superior rate.

Mr. COCKRAN. The German has a high tariff. How is it that it has not saved the German workingman from the distressful conditions you describe?

Mr. STUART. Because Germany has not the facilities for manufacturing that we have in this country.

Mr. COCKRAN. Then it is our manufacturing facilities, and not the tariff, which is the source of our high prosperity?

Mr. STUART. No, sir; the tariff assists our natural resources. Therefore the two combined together make us the best country in the world.

Mr. COCKRAN. But you think the natural resources themselves would not be sufficient to give you the advantage over other countries?

Mr. STUART. No, sir. Natural resources would not give us an advantage over the whole body of laboring men of Europe and Asia.

Mr. COCKRAN. Europe and Asia, you think, then, have the greatest advantage of all in production?

Mr. STUART. They have the greatest advantage from the labor standpoint, and I consider that that is one of the vital principles in all this tariff question.

Mr. COCKRAN. Of course it is; I agree with you. There is not any other proposition in which I will agree more quickly. If you can show me that the tariff will raise the rate of wages, you can not put it high enough for me. Therefore you and I agree exactly in the purpose we have in view, even though we have a difference of opinion as to the methods by which it can be attained. Let us just come down to consideration of tariffs, how they work in this country and others. Do you think the workingman has had a fair share of the prosperity produced in this country?

Mr. STUART. Yes; it has been to his substantial advantage.

Mr. COCKRAN. The last ten years, you say, was a period of great prosperity?

Mr. STUART. Yes.

Mr. COCKRAN. You remember ten years ago that Union Pacific stock was selling at the rate of about 10 cents a bushel?

Mr. STUART. What is that?

Mr. COCKRAN. You remember that Union Pacific, about ten years ago, was selling at the rate of about 10 cents a bushel?

Mr. STUART. A bushel? Do you mean a share? You say a share?

Mr. COCKRAN. I am not quite sure whether it was a share or a bushel, but its value was practically nothing.

Mr. STUART. Do I understand you—a bushel of shares?

Mr. COCKRAN. Yes.

Mr. STUART. I wish I had had a few of them some years ago.

Mr. COCKRAN. I wish I had, too, but we could not at that time see the value of them. It was selling at \$10 a share, at the outside.

Mr. STUART. Yes.

Mr. COCKRAN. And that stock is selling to-day at two hundred a share, or thereabouts, is it not?

Mr. STUART. I do not know; I could not tell you the exact price.

Mr. COCKRAN. You take my word for it; it has been as high as two hundred; is now about one hundred and seventy-five. The increase in the value of that stock has been due entirely to labor, has it not?

Mr. STUART. I consider that whenever that stock was higher than at other times, it was due to a desire of some men to get control of that road.

Mr. COCKRAN. That desire, if it ever existed, has long since been gratified. Take the rate at which it is selling to-day. It is paying 10 per cent dividend and selling actually in the market at the rate of about one seventy-five, which is not a high price considering the re-

turn it yields. Ten years ago it was not earning any interest at all upon that stock, was it?

Mr. STUART. I am not going to answer; I do not know anything about stocks.

Mr. COCKRAN. We will assume that ten years ago, when it had just come out of the hands of a receiver, it was earning no dividends whatever. The increase in value, amounting to hundreds of millions of dollars, is the direct result of the employment of American labor, is it not?

Mr. STUART. No, sir; it is the direct result of the development of the vast territory through which that railroad passes.

Mr. COCKRAN. Granted.

Mr. STUART. And the millions of bushels of wheat and corn and other farm products that have been brought to the market, because the East went there and settled in the West, and they produced the products that made necessary the carrying facilities of that railroad, and the consequence was that as soon as that railroad had the facilities to carry the products to the East, the stock increased.

Mr. COCKRAN. Now, after all that description, is it not true that all these beneficent conditions were results of labor?

Mr. STUART. No, sir; it means it was the result of the settlement and the development of the western part of our country.

Mr. COCKRAN. Was that not a wider employment and exercise of labor?

Mr. STUART. That was labor, certainly.

Mr. COCKRAN. Come back to that. The increase in the value of that stock was a direct result of the active, intelligent employment of labor?

Mr. STUART. The development of the country, yes; the farming industries, you might say.

Mr. COCKRAN. The increase in the value of that stock amounted to hundreds of millions of dollars, and the increase in all other property was of corresponding degree, was it not?

Mr. STUART. Well?

Mr. COCKRAN. Was it not?

Mr. STUART. It may have been.

Mr. COCKRAN. From your own description, it was. Has labor increased in value—

Mr. STUART. Yes, sir; labor has increased in value.

Mr. COCKRAN. Will you let me finish my question? You can answer me more picturesquely before I put my question, but not so intelligently. Can you see any increase in the rate of wages paid to labor corresponding in a degree with the increased value of all these other forms of property created by labor?

Mr. STUART. Yes, sir; I can. The increase in the wages during the last ten years has been over 10 per cent.

Mr. COCKRAN. This increase in property values is over a hundred per cent; in some instances over a thousand per cent.

Mr. STUART. When you were quoting the price of that stock, was it when it was below its par value or when it was at its par value?

Mr. COCKRAN. Ten years ago.

Mr. STUART. What was the par value?

Mr. COCKRAN. I am giving the par value.

Mr. STUART. What was paid in in money?

Mr. COCKRAN. According to general report there was no money paid into it at all. This stock was issued to represent not property, but the prospects of a bankrupt railway.

Mr. STUART. What money furnished the building of the railroad?

Mr. COCKRAN. I do not know.

Mr. STUART. Oh, you do not know. That is what I want to know. What value did they represent. [Laughter.]

Mr. COCKRAN. At that moment this stock represented nothing in the way of value. The road had just left the hands of a receiver.

Mr. STUART. Then, I understand from you, sir, that they built the railroad without any money?

Mr. COCKRAN. You did not understand me anything of the kind.

Mr. STUART. Then who furnished the money for building the railroad?

Mr. COCKRAN. Largely the Government.

Mr. STUART. Largely the Government?

Mr. COCKRAN. Yes. In fact, the road was built largely by government aid, you know.

Mr. STUART. Did not the franchise and the rolling stock of the railroad represent the value of those bonds and stock?

Mr. COCKRAN. Oh, no. There was no relation between this common stock and the property of the road.

Mr. STUART. What did represent the stock value?

Mr. COCKRAN. Nothing in the way of actual property.

Mr. STUART. Nothing? Oh!

Mr. COCKRAN. At the time I am speaking of, the common stock had just been issued, although the road itself had been in operation for some time. The road had been bankrupt. While in the hands of a receiver, it was reorganized and the common stock issued. At that time, say ten years ago—well, we will say twelve years ago, in 1896—this stock was of little or no value. It was selling at about 10 cents on the dollar; it is now selling at about 200. Then it was earning no dividends; now it is earning large dividends. You must see for yourself that this change in value was the result of very active employment of labor in various directions.

Mr. STUART. Yes.

Mr. COCKRAN. By that extensive employment of labor this property has increased enormously in value. You say that the value of wages has increased 20 per cent during that same time?

Mr. STUART. Yes.

Mr. COCKRAN. And you think that is a fair increase?

Mr. STUART. Yes; and I think it is not right for you to take a specific case, and you do not state it fairly. That railroad had an intrinsic value even when it was below the par value.

The CHAIRMAN. There is enough of that talk. We do not want to be stirring up any class prejudices.

Mr. COCKRAN. There is no stirring up of classes, but an attempt to ascertain the relative earnings of labor and capital. Do you know anything about the organization of the United States Steel Corporation?

Mr. STUART. Do I know anything about the organization of the United States Steel Corporation?

Mr. COCKRAN. I think that was my question.

Mr. STUART. I am not here to talk on steel; but I want to say to you for your advantage, that I consider the steel industry of this country one of the best industries we have got.

Mr. COCKRAN. I agree with you fully. On that we can not have a discussion.

Mr. STUART. What else do you want?

Mr. COCKRAN. Do you know anything about the incorporation of that concern?

Mr. STUART. No, sir. What do you want to know? [Great laughter.]

Mr. COCKRAN. If you do not know anything about it, do you think you can tell me anything I want to know? [Laughter.] Are you aware or did you suspect that the common stock, amounting to about \$550,000,000, of that company is what is called "water?" That it was issued without any property whatever to represent it?

Mr. STUART. Mr. Chairman, I will say that I am here to talk on textiles; but I would suggest that you summon Mr. Carnegie here, and I think he could give you more information on that than I could. [Great laughter and applause.]

Mr. COCKRAN. I am dying to see him. You do not know how much the rate of wages has increased in the steel industry since the formation of the steel corporation?

Mr. STUART. I do not; but I know from statistics that the workingmen employed in the steel industry in this country receive larger wages than any men employed in the same or similar industries of any other country in the world.

Mr. COCKRAN. There is no doubt about that. My question was, Whether, since the organization of that company in 1902, the wages of the operatives engaged in it had increased, and, if so, how much? Do you know that?

Mr. STUART. No, sir.

Mr. COCKRAN. But you do know that the value of that stock has increased enormously?

Mr. STUART. I take it this way, as a workingman, that if I am working for you and do a fair day's work and get an honest day's pay, I will never worry myself at night or lie awake wondering how much you are making in the business. If you pay me fair wages, that is all I want [applause]; because I consider that when capital is invested legitimately, and has brains back of it, it should receive every profit it can make.

Mr. COCKRAN. Do you not think the profits of capital furnish a standard or measure for the rate of wages?

Mr. STUART. No, sir; I do not.

Mr. COCKRAN. Your idea of wages is that they have no reference to the profits of capital, is that what you mean? Do I understand from you that, according to your conception of wages, they have no reference whatever to the profits of capital?

Mr. STUART. No, sir. I consider that when a man gets a good day's wages, as I said, a fair remuneration for what he does, he has nothing at all to do with the capital invested, because if the manufacturer or the corporation loses \$100,000 he will not be asked to pay 1 cent of it.

Mr. COCKRAN. Then this is the difference between your idea of wages and mine: my idea of wages is that it is a proportion of the

joint product of labor and capital which the laborer receives for his compensation. That is my idea of wages. Your idea of wages is that it has no reference whatever to the volume of his product; that so long as the laborer gets certain wages it does not make any difference what the total profit of the industry may be.

Mr. STUART. I could answer that simply this way: That if you were not a member of a certain party, I would say that you were a member of the Socialist party.

Mr. COCKRAN. Even if you should pronounce such a terrible sentence on me as that, it would not interfere with my processes of thought, because in what I say I am merely repeating principles laid down by Adam Smith, and so far as I know that statement has not been challenged by any other writer. Before you undertake to say that there is anything socialistic about this theory I think it would be well for you to inquire a little further into the real nature of wages. The whole purpose of my questions is this: When you describe a certain rate of wages as indicating a certain condition of prosperity, I think it well to inquire how the cost of wages compares with the cost of all forms of property produced by labor. I think the laborer would be better off without any tax levied upon the community for his benefit, but under conditions where every man is left free to produce in the fullest measure and to enjoy all that he can produce.

Mr. STUART. I can only answer that question, Mr. Chairman, by saying that I consider the workingmen of this country as intelligent enough to decide what they want themselves, and you will not find any delegation of workingmen from any part of this great country of ours, from the Atlantic to the Pacific, or from the Lakes to the Gulf, you will not find a committee of workingmen coming here and testifying that the benefits of the Wilson tariff bill, or free trade, are such as they will desire, but in every instance, by a decisive majority in the industrial centers of this country, they have pronounced on the 3d of November that they were in favor of a continuation of the Dingley tariff bill, or a bill similar in its character.

Mr. COCKRAN. I quite agree with you about that. The people of this country have pronounced in favor of a protective policy. I also agree with everything you can say about the Wilson bill, which I think was the worst measure ever passed.

Mr. STUART. Thank you; we always thought that in Pennsylvania.

Mr. COCKRAN. It was a measure which was utterly and unblushingly discriminatory in its character without any pretense of claim of justification even from the protectionist's point of view.

Mr. UNDERWOOD. Did I understand you to say that the rate of wages of these textile industries was less in Germany than in England?

Mr. STUART. Yes, sir; decidedly so.

Mr. UNDERWOOD. How much, then; how much difference?

Mr. STUART. I said before it was equal to 30 cents to 50 cents, and it is equal to 33 cents to our dollar.

Mr. UNDERWOOD. In other words, the difference between Germany and England is the difference between 5 and 3, or 3 and 5?

Mr. STUART. Yes, sir; between 30 and 50.

Mr. UNDERWOOD. I want to ask you this, In Germany they have a high protective tariff, I believe you said?

Mr. STUART. Yes.

Mr. UNDERWOOD. In England they have none. That is so, is it not on textiles?

Mr. STUART. Yes.

Mr. UNDERWOOD. I want to ask you a further question. Is it not a fact that the English operators in all the textile manufactories belong to labor organizations?

Mr. STUART. Largely.

Mr. UNDERWOOD. In Germany there is no labor organization?

Mr. STUART. I am not prepared to say that.

Mr. UNDERWOOD. Is that not a fact?

Mr. STUART. No; it is not a fact. I do not know anything about it. Do you know it is a fact?

Mr. UNDERWOOD. My understanding is—

Mr. STUART. You do not assert it as a fact?

Mr. UNDERWOOD. My understanding is—

Mr. STUART. That is a different thing; do you know it as a fact?

Mr. UNDERWOOD. It is my understanding.

Mr. STUART. That is a big difference. [Laughter.] I could assert that I was Andrew Carnegie and go down here and draw check, but they would not honor it.

Mr. UNDERWOOD. My information is from the source that I can rely on that labor organizations in Germany do not control the textile industry. Now, I want to ask you this question: If that is a fact—and we will ascertain whether that is a fact—but assuming that my information is correct, that in England the textile industry is controlled by the labor organizations, and in Germany it is not; that in England the rate of wages is higher than it is in Germany, in the proportion of 5 to 3, and Germany has a protective tariff to protect her industries and England has none, I want to ask you whether it is the labor organizations that brought up the rate of wages or the protective tariff?

Mr. STUART. It is neither. It is the desire on the part of the German people to get the markets of the world at any cost, and all through the history of the world labor has been the point at which they have aimed in expanding, that would make up the deficiency and balance the sheet, and it was always easier to take 10 or 15 per cent off labor than off any other item that went into the manufacture of goods.

Mr. UNDERWOOD. I would like to have a plain answer to this. You stand before this committee representing a very large body of laboring men, men who have a very vital interest in this country, and I want to see if I understand you properly in saying that the labor organizations in England as compared—

Mr. STUART. I do not say there are labor organizations in Germany. I emphatically repudiate that.

Mr. UNDERWOOD. If that is a fact, as I am informed it is a fact, do you say that the higher rate of wages was not fixed in England by the organization?

Mr. STUART. I could not answer that question from that assumption, because you assume something that you are not prepared to state

as a fact. Consequently, I will answer no question that is mere assumption.

Mr. UNDERWOOD. It is not an assumption. I say it is the fact from the information I have at hand. I have not been in the mills, although I have been in that country and have been informed there that is the case, and from other information that I gathered from books, I am informed that is the case, and I think it comes down, then, to the proposition, it is a very clear statement of the case, that here we find an industry without protection to its textile workers, where the rate of wages is higher than we find it in a country where there is absolute protection to its workers, and we find in one country that labor is organized and in the other that it is not organized. I think it is a question as to whether it is the organization that created the wage scale, or whether it was the protective tariff. I would like for you to say which.

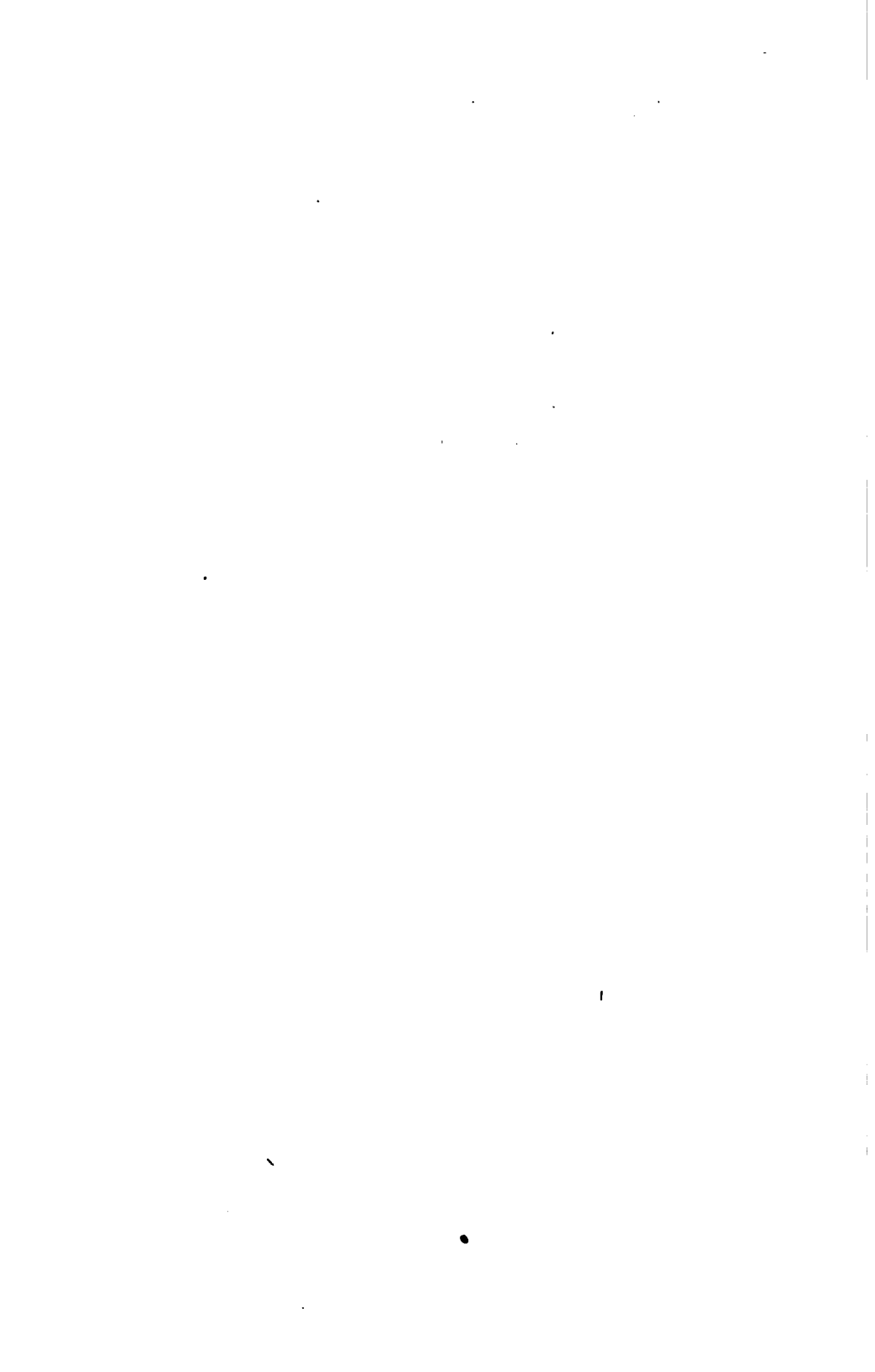
Mr. STUART. Don't you know that, as to our own country, England has always been the only country that paid the highest wages in the world? Don't you know that second to our own country—in fact, as far, probably, as that is concerned, there is no country in the world that is superior to England in the production of textiles, because England has been in the business for so long that they are competent to manufacture and compete with any country in the world, and the only advantage that Germany has over England is the advantage of labor alone?

Mr. UNDERWOOD. Will you answer me this? Do you deny the proposition that the organization of labor in the English mills has given them the advantage in the wage scale?

Mr. STUART. The organization of labor in England has helped England, but the organization of labor in England has not given the English workingman work, because the very fact that there has been more idleness in England this last year than in any previous period demonstrates the fact.

The CHAIRMAN. That is all, Mr. Stuart. The committee will take a recess until 9.30 o'clock to-morrow.

(Thereupon, at 6 o'clock p. m., the committee adjourned until to-morrow, Thursday, December 3, 1908, at 9.30 o'clock a. m.)



TARIFF HEARINGS

BEFORE THE COMMITTEE ON WAYS AND MEANS
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SIXTIETH CONGRESS.

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COMMITTEE ON WAYS AND MEANS,

HOUSE OF REPRESENTATIVES.

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WILLIAM K. PAYNE, *Clerk.*

TARIFF HEARINGS.

THE COMMITTEE ON WAYS AND MEANS,
Thursday, December 3, 1908.

The committee this day met, Hon. Sereno E. Payne in the chair.

STATEMENT OF MR. HANS SCHMIDT, OF BUFFALO, N. Y.

MR. SCHMIDT. Mr. Chairman and gentlemen, I represent the firm of Schoellkopf & Co., of Buffalo, N. Y., importers of sheepskins and tanners. I come before you to plead the cause of the wool-pulling industry in this country, an industry that is at a low ebb at present, and which will remain so unless given relief by your committee. The principal cause of this condition is to be found in the inequity of the present tariff, paragraph 360, Schedule K, which allows a duty of 11 cents per pound on wool imported as fleece wool, and of 10 cents a pound on so-called "skin wool," which is wool imported on the skin. This differential of 1 cent per pound is not sufficient to enable us to do any importing of foreign wool skins into this country.

We do not ask for free wool, nor do we ask you to disturb the present condition, which enables our farmers to raise wool at a good profit, but we ask to be given protection to our labor. There was a time when the independent pullers of this country pulled both domestic and foreign wool skins, principally domestic. That was the time when the large packers sold the wool skins to the wool pullers. Now, since they have gone into the wool-pulling business themselves, the independent puller is compelled to buy foreign skins in order to keep his pullery going. We raise in this country, as was stated yesterday, about 300,000,000 pounds of wool, every pound of which is needed for home consumption. We also import about 200,000,000 pounds of wool, the average for the last five years being over 190,000,000 pounds. Of this 200,000,000 pounds imported for the year ending June, 1907, less than 3,500,000 pounds were imported on the skins. The balance, 196,000,000 pounds, was imported as fleece wool. Now, my contention is that inasmuch as all this foreign wool is needed for our spinning mills, we would like to have the tariff arranged so that the skins can be imported, and this process of removing wool be done on this side instead of being done in Europe as at present. We ask for a differential of 5 cents per pound instead of 1 cent per pound.

THE CHAIRMAN. On what?

MR. SCHMIDT. Between the two classes of wool, the fleece wool and the skin wool, for classes 1 and 2. And we ask for a reduction of 50 per cent in the duty of class 3. As I have said, 1 cent is not sufficient to protect us; we need 5 cents for several reasons. One is to overcome the low rate of wages paid for the same work in Europe.

The CHAIRMAN. What do you manufacture?

Mr. SCHMIDT. We pull wool off the skin, and we tan the sheep-skin into sheep leather afterwards. The spinner also prefers fleece wool to pulled wool, but I do not think we can obtain the same price for the pulled wool as he pays for the fleece wool. The third reason is that the wool in the fleece state comes in a cleaner condition than it will on the skin; that is, talking from the standpoint of the wool puller; and the same applies to the sheep-leather tanning industry, because, for the same reason, we do not raise enough wool. We do not obtain enough skins to keep the tanneries busy, and we are therefore compelled to import thousands of dozens of skins now which come in free of duty after the wool has been removed. My point is that instead of having wool come over here after it has been removed from the skin on the other side and the skin come in separately, to have the entire wool skin come in and let us do the work on this side. It would not mean that there would be any more wool imported, but it is simply to give our help in this country a chance to do the work which is done abroad now.

The CHAIRMAN. You ask to have the duty on wool on the skin 3 cents a pound?

Mr. SCHMIDT. A difference of 5 cents a pound between the fleece and the skin wool.

The CHAIRMAN. But practically you ask to have 3 cents a pound duty on the wool skin?

Mr. SCHMIDT. Yes, sir.

The CHAIRMAN. You certainly do not expect us to raise the duty on wool from 11 cents to 15 cents a pound, do you?

Mr. SCHMIDT. No.

Mr. UNDERWOOD. In other words, you want us to pass a law by which you can make some money; that is it, isn't it?

Mr. SCHMIDT. No, sir. As I said before, we have been in the pulling business for years, and also in the tanning business. We have doubled the capacity of our tannery in the last ten years, but we are not doing as much in the pullery to-day as we did ten years ago.

Mr. UNDERWOOD. You want us to lower the tax on wool that comes in on the skin?

Mr. SCHMIDT. Yes, sir.

Mr. UNDERWOOD. And put up the tax on the wool that is pulled off the skin?

Mr. SCHMIDT. No; there is a difference of 1 cent per pound now between skin and fleece wool. We ask you to increase this difference to 6 cents instead of 1 cent.

Mr. UNDERWOOD. That is putting up the price. If we increase it from 1 to 6 cents we certainly increase the cost of bringing in the wool?

Mr. SCHMIDT. You are lowering it on the wool on the skin.

Mr. UNDERWOOD. But putting it up higher for the class of wool you want. The effect would be to put a wall on each side of your business, one to keep the man from coming in against you and the other to give you your material cheaper.

Mr. SCHMIDT. Not cheaper.

Mr. UNDERWOOD. What do you want the duty reduced for if you do not get it cheaper?

Mr. SCHMIDT. To do the process of removing the wool in this country instead of abroad. We import 200,000,000 pounds a year.

Mr. CRUMPACKER. Would any fleece wool come in at all if you make a differential of 5 cents per pound? Practically all of the wool brought in from foreign countries would come in on the skin with that differential?

Mr. SCHMIDT. I do not think so. As I say, we have several obstacles to overcome.

Mr. CRUMPACKER. That may be true. There is a differential now of 1 cent per pound. If you put the tariff on wool on the skin down to 6 cents and on the fleece wool up to 11 cents, from many countries they would ship the greater portion of the wool on the skin instead of fleece?

Mr. SCHMIDT. Yes.

Mr. CRUMPACKER. For it can be raised with little or no labor, and they would send the wool over on the pelt.

Mr. SCHMIDT. Well, hardly, because sheep have a good value from a mutton standpoint.

Mr. CRUMPACKER. You get your skins free of duty for the purpose of tanning?

Mr. SCHMIDT. Yes, sir.

Mr. CRUMPACKER. How many pounds are imported on the skin under the present differential?

Mr. SCHMIDT. Three million and a half, against 196,000,000 pounds of fleece wool.

Mr. CRUMPACKER. Of course, the fleece wool is a better quality as a rule than the wool on the skin, is it not?

Mr. SCHMIDT. Considered so by skimmers.

Mr. CRUMPACKER. We only import an inferior grade of wool on the skin, where they slaughter the sheep—

Mr. SCHMIDT. No, sir; the kind of skins would be imported from which the wool comes in now as fleece wool.

Mr. GAINES. Do they not have a practice of cutting off inferior portions of the fleece and importing only the better portions?

Mr. SCHMIDT. Yes, sir; but the fleece wool is a cleaner article than the skin wool would be, because naturally there would be dirt on the whole skin that has been removed from the fleece before importing.

Mr. CRUMPACKER. The wool that comes in on the skin, of course, as a rule must be, and naturally would be, of an inferior grade.

Mr. SCHMIDT. Those are not the skins I have reference to at all.

Mr. CRUMPACKER. The skins from sheep slaughtered for mutton?

Mr. SCHMIDT. Well, they are slaughtered by the large slaughtering firms abroad; but I mean that it would not pay us to buy any inferior wool skins. We buy only the best from slaughtering houses, such as Armour's are in this country.

Mr. CRUMPACKER. So far as your business is concerned, you are willing to reduce the tariff on wool generally, provided you can have a differential of as much as five cents?

Mr. SCHMIDT. Yes, sir.

Mr. CRUMPACKER. That is all you want, a five-cent differential?

Mr. SCHMIDT. In order to enable us to do the pulling on this side.

Mr. CRUMPACKER. Does that measure the difference of cost between pulling here and abroad?

Mr. SCHMIDT. Yes, sir.

Mr. CRUMPACKER. Does it cost 5 cents a pound to pull wool here?

Mr. SCHMIDT. Considering the condition of the fleece as against the skin wool.

Mr. CRUMPACKER. But what I want to know is, does it cost 5 cents a pound to pull wool here?

Mr. SCHMIDT. It costs from 10 to 13 or 14 cents a skin more to pull in this country than it does in Europe.

Mr. CRUMPACKER. I would like to know the cost of pulling wool in this country per pound.

Mr. SCHMIDT. Well, sir, the average wages are from \$2 to \$2.50 a day.

Mr. CRUMPACKER. But do you know what it costs by the pound to pull the wool off the skin when it gets here?

Mr. SCHMIDT. Two dollars and fifty cents a day wages. A man is supposed to pull 100 skins a day, though it would depend upon the class of wool skins he pulled, but if they average four pounds, that would be 400 pounds.

Mr. CRUMPACKER. And you pay from \$2 to \$2.50 per day, so that it is less than 1 cent a pound for the pulling of the wool, in cost?

Mr. SCHMIDT. Yes, sir.

Mr. CRUMPACKER. And you have a differential of 1 cent a pound?

Mr. SCHMIDT. Yes, sir.

Mr. CRUMPACKER. More than the entire cost of pulling the wool over here?

Mr. SCHMIDT. Yes, sir.

Mr. BOUTELL. To whom do you sell your pulled wool?

Mr. SCHMIDT. To the spinner and the spinning mills.

Mr. BOUTELL. To whom do you sell the tanned hides?

Mr. SCHMIDT. To shoe manufacturers, glove manufacturers, the harness, trade, and the trade in general.

Mr. BOUTELL. So that if this differential were put on by way of lowering the duty on the skins, you would make an additional profit on the sale of your hides also?

Mr. SCHMIDT. No; we would not.

Mr. BOUTELL. Why not, if you get the skins cheaper?

Mr. SCHMIDT. We would not get them cheaper.

Mr. BOUTELL. You would if we reduced the duty on sheep skins?

Mr. SCHMIDT. Cheaper than they come in now?

Mr. BOUTELL. Yes.

Mr. SCHMIDT. But we are not doing the pulling of the foreign skins to-day, because we can not afford to do it.

Mr. BOUTELL. That is what you would do?

Mr. SCHMIDT. We want to do it, but we can only do it by having a larger differential than 1 cent per pound.

Mr. BOUTELL. Suppose we make the larger differential by reducing the duty on the skins, then you would make a larger profit on the sale of your tanned skins to the shoe and glove makers?

Mr. SCHMIDT. If you make a differential of 5 cents per pound on pulled wool, then the wool that we offer the trade here will be on an equal footing with the fleece wool imported to-day.

Mr. BOUTELL. I understand that, but you not only sell the pulled wool, but also sell the skins?

Mr. SCHMIDT. Yes; but we do not have to pull the wool skins to tan the leather, for we can buy them without the wool.

Mr. BOUTELL. But you do tan all the skins you pull; you do not throw them away?

Mr. SCHMIDT. Certainly not.

Mr. BOUTELL. So that if you import an additional number of skins with the wool on, you not only pull the wool, but tan the hides and sell them?

Mr. SCHMIDT. We do.

Mr. BOUTELL. If the duty were lowered to increase this differential, you would make an additional profit on the hides?

Mr. SCHMIDT. I can not see it that way; no, sir. We are tanning a certain amount of stock to-day, and instead of tanning 900 dozen of pickled skins without wool and pulling 100 dozen skins per day we would simply tan five or six hundred dozen pickled skins and three or four hundred dozen wool skins.

Mr. BOUTELL. If you get your imported skins reduced by 5 cents, you would make an additional profit in selling the skins that are tanned, would you not, and you would therefore get your skins with the wool on cheaper?

Mr. SCHMIDT. We would not lose any money in the wool transaction and that is why we are asking for a 5-cent differential, but we would not make any great money, simply allow us to buy wool skins as well as pickled skins.

Mr. BOUTELL. The cheaper you get the skins that you tan the more money you make when you sell them as leather, of course?

Mr. SCHMIDT. Yes, sir.

Mr. UNDERWOOD. What is the name of the firm or company that you represent?

Mr. SCHMIDT. The firm of Schoellkopf & Co., of Buffalo, N. Y.

Mr. UNDERWOOD. How long has that company been in business?

Mr. SCHMIDT. Since 1862.

Mr. UNDERWOOD. What is its capital stock?

Mr. SCHMIDT. It is not a stock company, but we have about a million dollars invested.

Mr. UNDERWOOD. What has been the profits of the company?

Mr. SCHMIDT. The entire business—wool and leather together?

Mr. UNDERWOOD. Yes.

Mr. SCHMIDT. Do you think that is a fair question to ask?

Mr. UNDERWOOD. Yes, I do; because you ask to get your leather in cheaper, as well as your wool.

Mr. SCHMIDT. No.

Mr. UNDERWOOD. That is what it amounts to, to bring the hide in here with the wool, pull the wool off, and then you have cheaper hides.

Mr. SCHMIDT. Yes; but you gentlemen must see that we are importing the wool and skins now.

Mr. UNDERWOOD. Undoubtedly; and you want to bring the wool and skin together, and therefore get both cheaper wool and cheaper hides.

Mr. SCHMIDT. It does not mean that necessarily.

Mr. UNDERWOOD. Possibly not, but that is the reason why I ask you my questions as to the profits of your business.

Mr. SCHMIDT. We have made money in our leather business and lost money in our wool business during the last ten years.

Mr. UNDERWOOD. What has been the average profit in your business?

Mr. SCHMIDT. That I could not tell you offhand.

Mr. UNDERWOOD. What has been the profit for 1907?

Mr. SCHMIDT. Very large losses.

Mr. UNDERWOOD. 1907?

Mr. SCHMIDT. Yes, sir.

Mr. UNDERWOOD. How about 1906?

Mr. SCHMIDT. We made money in 1906.

Mr. UNDERWOOD. How much—what per cent of profit did you make?

Mr. SCHMIDT. I couldn't tell offhand. If you want me to do so, I will give you the average profit for a number of years back, guessing.

Mr. UNDERWOOD. What has that been?

Mr. SCHMIDT. Between 8 and 11 per cent; around 10 per cent.

Mr. UNDERWOOD. Since 1862, on an average, you have had a successful and profitable business?

Mr. SCHMIDT. With a few exceptional years; yes.

Mr. UNDERWOOD. You do not need any legislation to develop your business?

Mr. SCHMIDT. We do.

Mr. UNDERWOOD. You need legislation, of course, to hold up the American public to a greater extent, if you want to make greater profits out of them. But if you had no help and no further legislation you would go on in your business and have a successful business in ordinary years, would you not?

Mr. SCHMIDT. Yes; we would.

Mr. UNDERWOOD. If we were to grant this request of yours, can you not see that the result would be that it would put up the price of wool, and necessarily put up the price of the wool manufacturers in this country?

Mr. SCHMIDT. It would not at all, sir, because we would also have to compete with the fleece wool that is being imported.

Mr. UNDERWOOD. When you put on that differential between the fleece wool and the wool that is on the skin, then wool would come in here on the hide, it would make a profit to your industry, and of necessity cause the price of wool, the manufactured wool, to go up, not lower it; so the result would be the next step, when the manufacturer would ask us to put a tariff on manufactured wool, because we put up the price of his raw material.

Mr. SCHMIDT. I do not look at it in that way at all. It is simply a question with us of giving us our pulling end of the business or not. It has been decreasing for the last twenty years, while our leather business has been increasing. We can get along without pulling wool skins in this country. Twenty years ago the wool end of it was the principal business, and the leather end of it was an incident, because we pulled the wool and had the skins to tan. We are to-day employing 700 men in the tannery and less than 500 men in our pullery. There are some facts for you. We can cut off the 50 men and import all of our skins in the pickled state and not pull any in this country, and be happy, too.

Mr. UNDERWOOD. Is not labor cheaper in foreign countries in pulling the wool?

Mr. SCHMIDT. Yes, sir.

Mr. UNDERWOOD. Under the circumstances isn't it better to have the wool come in under cheap labor, and develop the higher classes of industry here, rather than to lower the grades of industry?

Mr. SCHMIDT. If that is your sense of duty, I am satisfied.

Mr. CRUMPACKER. I understand that your difficulty is principally that the wool manufacturers of this country pay more for fleece wool than for pulled wool?

Mr. SCHMIDT. They will pay about a cent a pound more because they prefer it.

Mr. CRUMPACKER. Therefore you have that difficulty, that prejudice, if it may be so termed, to overcome?

Mr. SCHMIDT. Yes, sir.

Mr. CRUMPACKER. Most of the skins that you import have short wool on them, do they not?

Mr. SCHMIDT. Oh, no; the skins that we import all have long.

Mr. CRUMPACKER. Do not sheepskins come into this country free of duty with short wool on?

Mr. SCHMIDT. I think less than half a million do.

Mr. CRUMPACKER. They utilize that wool, do they not?

Mr. SCHMIDT. I believe they do. We did not import any of those skins at all.

Mr. CRUMPACKER. But sheepskins are brought from abroad with wool, say half an inch long on them, that is taken from the skin and manufactured?

Mr. SCHMIDT. I suppose so.

Mr. CRUMPACKER. You do not do any business of that kind?

Mr. SCHMIDT. We don't do it, because it does not pay us. It costs us as much to remove the wool as we make. You asked the question about the difference of cost in pulling wool between this country and other countries. That is only one operation.

Mr. CRUMPACKER. I understand. You have a differential now that more than covers the cost of pulling in this country?

Mr. SCHMIDT. We are paying from \$2 to \$2.50 a day, against 45 cents in Europe.

Mr. CRUMPACKER. Two dollars and fifty cents for pulling 400 pounds of wool is less than 1 cent a pound. You have that difference of 1 cent to cover the entire cost of pulling wool in this country?

Mr. SCHMIDT. More than covering the single process of pulling, but the mere fact that we remove the wool from the skin does not finish the operation. It has to be handled fifty times. The wool must be dried and sacked and weighed.

Mr. CRUMPACKER. Does fleece come over scoured?

Mr. SCHMIDT. No.

Mr. CRUMPACKER. Washed?

Mr. SCHMIDT. Washed—in its original state.

(Mr. Schmidt filed the following paper with the committee:)

SCHOELLKOPF & Co., TANNERS OF SHEEP LEATHER,
Buffalo, N. Y., December 2, 1908.

WAYS AND MEANS COMMITTEE,

House of Representatives, Washington, D. C.

GENTLEMEN: I appear before you in the interest of an industry which is not only handicapped but actually prostrated, and which is at the point of becoming a thing of the past. I refer to the industry

of pulling wool skins in this country. The principal cause of this condition is to be found in the iniquity of the present tariff laws, paragraphs 357 to 360, Schedule K, which levy a duty of 11 cents per pound on fleece wool and a duty of 10 cents per pound on wool on the skin. This differential of 1 cent per pound is not sufficient to protect our industry, which in years gone by has been prosperous and has employed thousands of hands.

There was a time when independent pullers bought and worked both domestic and foreign wool skins, but that time disappeared when the packers ceased selling their wool skins to the pullers and started their own pulleries. Now some of them have gone one step further and not only pull their own skins, but enter the open market to buy for their own pulleries wool skins from butchers and dealers, in competition with other pullers. The independent pullers are therefore compelled to pull foreign skins to the virtual exclusion of domestic skins, and this they find impossible to do profitably under paragraph 360.

We do not ask for free wool; we do not ask you to disturb the protection which enables our farmers to engage in the profitable industry of raising wool; but we do ask protection for the American workman who sits idly by while his European brother enjoys the full benefit of a tariff which, instead of protecting American labor, destroys it in this case.

We raise in this country an amount not exceeding 300,000,000 pounds of wool per year, every pound of which is bought and consumed by our manufacturers, but this amount of wool is totally inadequate to supply the requirements of our mills and the needs of our people. It is therefore necessary to import large quantities of wool, which has been the custom for years.

The imports last year, ending June 1, 1908, amounted to 125,000,000 pounds. This was a small amount, comparatively, owing to the unsettled business conditions then prevailing in this country. For the years 1906 and 1907 the imports exceeded 200,000,000 pounds each year. The average importation for the past five years amounted to 190,879,063 pounds.

Of the 200,000,000 pounds imported for the year ending June, 1907, less than 3,500,000 pounds was wool imported on the skin; the balance of over 196,000,000 pounds was wool imported in the so-called fleece state. The figures for 1908 of wool imported on the skin and off the skin have not yet been published, but will vary very little from those of 1907.

Now, my point is, inasmuch as this country needs all these millions of pounds of foreign wool besides our own production, it would greatly benefit American labor to have for Classes A (1) and B (2) a differential of 5 cents per pound, instead of 1 cent per pound, between fleece wool and wool imported on the skin, and a reduction of 50 per cent of the duty for Class C (3). Such differentials would enable us to import greater quantities of wool skins than we are doing now, thus giving American labor full employment instead of having the work done abroad. We need these differentials for three reasons:

First. We have to overcome the low rate of wages which is being paid for similar work in foreign countries, especially in France,

which is the largest wool-pulling country in Europe. For instance, wages for pulling skins in southern France amount to 45 cents per day, against wages ranging from \$2 to \$2.50 per day in this country. Other work connected with this process is paid for at the same ratio.

Second. Manufacturers for spinning purposes prefer buying imported fleece wool to pulled wool, as it is of superior quality, and therefore more valuable to the spinner, who will buy pulled wool only at a lower price.

Third. The imported fleece wool is of better and cleaner quality because all the poor and dirty so-called "skirting" has been removed and does not enter this country, while the puller, in importing the wool on the skin, naturally has to import the poor wool with the good wool, both grades being found on the same skin.

So much from the standpoint of a wool puller. Now, if I will be permitted to say a few words from the standpoint of a sheepskin tanner, in which industry my firm is largely interested, I beg to state that it would be of infinite benefit to the sheepskin tanner to have the rate of duty on sheepskins lowered. Not only are these large amounts of wool imported, as stated above, but the slat, which is that part of the sheepskin from which the wool has been removed, is also imported to stock our tanneries, and for the same reasons. There are not enough sheep raised in this country to supply the demand of our tanneries, and we are therefore obliged to buy great quantities of foreign sheepskins, which are being imported now in the form of slats or pickled skins, in which condition they are admitted free of duty.

As an illustration of the condition of the wool-pulling industry compared to others, it may interest you to know that while my firm has doubled the capacity of its tannery during the last ten years, the work in our pullery has steadily decreased, and our pulling department to-day is not nearly as busy or as important as it was ten years ago. Twenty years ago the wool-pulling end of our business was by far the more important, and the tanning of the slats obtained was a mere incident of the business. To-day we employ 700 hands in our tannery, against about 50 men in our pullery.

As it is essential that the wool, as well as the slat of the sheep, be imported—and both commodities are being imported now—in order to supply the requirements of our spinners and tanners, we respectfully ask for a differential of 5 cents per pound on classes A (1) and B (2) and for a reduction of 50 per cent of the duty on class C (3). This would give American labor the benefit of this process of removing the wool from the skin.

We also ask that shearlings with wool not exceeding 1 inch in length be admitted free of duty. The cost of removing the wool will equal the value of wool obtained, and neither the puller nor the tanner can afford to pay duty on wool of such short staple.

Respectfully submitted.

SCHOELLKOPF & Co.,
By HANS SCHMIDT.

STATEMENT OF MR. HENRY G. REINEKE, OF 1630 NORTH FIFTH STREET, PHILADELPHIA, PA.

Mr. REINEKE. Mr. Chairman and gentlemen, I believe I have the privilege of trying to state to your honorable body what I may know of the wool-pulling business, an industry in which we are engaged and at which my firm has been working for about fifty years. We separate the wool from the skin by a chemical process and prepare the wool for the manufacturer of woolen and worsteds, and then the pelt is treated by a chemical process for the tanner. The wool is commercially known as "pulled wool" and differs materially from fleece wool, being less valuable by from 3 to 4 cents per grease pound for the worsted sorts, and the shorter or clothing wools being in a class by themselves and different from shorn wools. Therefore the law as it now stands allows a differential of only 1 cent per pound (as per paragraph 360), whilst the real difference in its value is far greater. Therefore our access to the foreign wool skins has been very limited.

Our domestic supply is fast dwindling into the hands of the great packers, who kill the sheep, pull the wool, and tan the leather.

I visited France to look into this industry, where this work is done on a large scale, and I found in one place, called Mazamet, a little town in the south of France, various factories working together 60,000 skins daily at that time.

Then the pickled skins came into the United States free of duty. They are a partially manufactured product.

We know that if you could see fit to increase the differential in paragraph 360 these raw-wool skins would come to the United States in greater quantities than heretofore.

I think that embodies all regarding wool skins that I know.

Mr. CLARK. Why is wool that is pulled less valuable than that cut off the sheep? That is a fact, and it is a curious one. I would like to know.

Mr. REINEKE. It is pulled because the animal is slaughtered with the fleece on it.

Mr. CLARK. Well, I know that; but how does it happen to be less valuable than when it is cut off?

Mr. REINEKE. Because it undergoes a chemical process, and there necessarily is a deterioration in its value on account of this chemical process which it must undergo, and I see manufacturers sitting here who will substitute that fact.

Mr. CLARK. I was not disputing it, but wanting to know the why of it. Suppose you catch a sheep and pull the wool off of it, why is that wool less valuable than if you cut it off?

Mr. REINEKE. I think it is more valuable than if you pull it. There is another reason why manufacturers state that pulled wool is inferior to the fleece wool, and that is because its spinning quality is deteriorated because the animal is dead.

Mr. CLARK. Well, I see you do not know what I want to know, so that is the end of it.

The CHAIRMAN. How much does the labor cost in the pulling of wool?

Mr. REINEKE. The labor for wool pulling is about 50 cents per skin. There are lots of skins that only have half a pound.

The CHAIRMAN. What is the average?

Mr. REINEKE. The average skin the year around would pull, washed wool, about 2½ pounds of greased washed wool. It has to undergo a process in washing.

The CHAIRMAN. Unwashed wool you say?

Mr. REINEKE. We can not pull unwashed wool. The skin has to be put into water before we can separate the wool from the skin. You can not pull unwashed wool.

The CHAIRMAN. Well, I have pulled it myself.

Mr. REINEKE. May I ask what from?

Mr. CLARK. From sheep's skin; pulled wool from a sheep's skin.

Mr. DALZELL. As to this chemical process, does that take place before or after the wool is pulled?

Mr. REINEKE. It is chemically known as sulphide of sodium, and that is applied to the flesh side of the skin after the skin has been washed.

Mr. DALZELL. And before the pulling is done?

Mr. REINEKE. That causes the pulling; that loosens the epidermis, or root, of the wool.

Mr. CRUMPACKER. The process of separating wool from the skin by chemical means deteriorates the value of the wool to the amount of 3 or 4 cents a pound, does it not?

Mr. REINEKE. Its actual deterioration as to cents per pound I could not answer. I know that we can not get within 3 or 4 cents per pound what we can get for fleece wool.

Mr. CRUMPACKER. Well, wouldn't it be better to remove the differential altogether than to encourage an industry that deteriorates a valuable commodity like wool 3 or 4 cents a pound? As a matter of public policy, is it not infinitely better to remove even the 1 cent differential rather than to encourage an industry that depreciates to the extent of 3 or 4 cents a pound such a valuable and necessary commodity as wool?

Mr. REINEKE. That depreciation is only in the spinning quality. The warmth is there; you get the same result out of the wool; it is only the style.

Mr. CRUMPACKER. But it depreciates its value?

Mr. REINEKE. Its value, yes; from the standpoint of fanciness.

Mr. CRUMPACKER. If the differential were increased, the result would be to encourage the industry of the depreciation in value of 3 or 4 cents a pound of a great quantity of wool that comes to this country.

Mr. REINEKE. I can not understand it that way.

Mr. CRUMPACKER. You say that it sells for 3 or 4 cents a pound less?

Mr. REINEKE. More than that.

Mr. CRUMPACKER. How much does it cost a pound to cut wool?

Mr. REINEKE. They charge about 7 or 8 cents a head for sheep out West in the Territories, but they charge a little more in the East.

Mr. CRUMPACKER. About 2 cents a pound, perhaps?

Mr. REINEKE. I suppose that is about it. The labor does not cut much figure in the matter. It is the difference in the value of the wool; the manufacturers can import the fleece wool so much cheaper than we can sell them the pulled wool for. Then, again, we are handicapped because the foreigner can ship his pickled skins into this country free of duty, upon which this labor has been performed.

If our industry is to remain an industry, we will have to have a differential between wool on skins and fleece.

Mr. CRUMPACKER. Do you tan sheepskins?

Mr. REINEKE. No, sir.

Mr. CRUMPACKER. Do you pull wool?

Mr. REINEKE. We pull wool to prepare it for the manufacturer, the same as in Mazamet, France; in fact, throughout Europe that is an industry of its own. Then again these short wools which have not had much sale for many years in this country—we think that the hat trade would start up again for the sale of cheaper woolen hats. Rabbit skins come in by millions free of duty, and they are tanning the fiber, which is fine and valuable, so that if the Government requires a little more revenue that would be a good source from which to get it, because the manufacture of hats has been successful in the United States.

Mr. CRUMPACKER. Would you propose a tariff on rabbit skins?

Mr. REINEKE. I believe that would be a good idea for the revenue.

Mr. CRUMPACKER. Would not that promote the cultivation of the rabbit industry in this country?

Mr. REINEKE. No, it would promote the cultivation of the use of short wools. I think. I think the short wools would be used in place of the rabbit's.

STATEMENT OF MR. PATRICK M'GRAW, OF ALLEGHENY, PA.

Mr. McGRAW. Mr. Chairman and gentlemen, I am in the same business as the gentleman who preceded me. Up to two or three years ago we could get all the sheepskins that we required to run our business in this country, and we did not think of going to foreign countries for our supply. But within the last three years the large packers have commenced pulling their own skins, and for a while they were selling their skins to outside pullers even when they had their own pulleries, but they have changed that policy, and they say to us now that they have no skins for sale, and that they would not sell them to us no matter what we offer. Consequently we are left in that position—that is, our firm, speaking individually—with a large plant on our hands, which, if we are forced out of business, will be of very little value. What we ask you gentlemen to do is to fix the tariff in such a way that we will have access to the markets of the world to get our supply of sheepskins, and we ask you to fix that differential enough to offset the difference in the cost of pulling sheepskins in this country and abroad.

The CHAIRMAN. Do you say there are none imported—that you can not buy them?

Mr. McGRAW. I didn't say there was not any. We have imported some—experimented with it.

The CHAIRMAN. There were imported 2,500,000 pounds in 1907.

Mr. McGRAW. We have imported some ourselves. I did not say that we have not imported any, but I am free to admit that with some of our importations we would have been better off if they had been left on the other side, because we lost money on them. We think, however, that if there was a sufficient differential that would not be the case. We ask for that differential, and we think that we are not asking for anything unreasonable, because, while apparently

the sheepskin puller is protected by the 1 cent differential that already exists, it is not anywhere near sufficient for several reasons: Wool imported in the fleece is skirted, and it is only the choicest line of shrunk wools that are imported, whereas with sheepskins we have to import the whole fleece; we can not take the skirting; we have to import the whole wool. But our wools will run probably 20 per cent heavier than the fleece sells, consequently we are paying a higher rate of duty than for the same quality of wool on the fleece. Instead of being protected we are paying a higher rate of duty.

Then again, the duty is the same on short wools as on long wools. The long staple fine wool is worth probably 82 cents a scoured pound, and short staple fine wool is not worth over 40 cents a scoured pound. But the duty is the same. That means that we are paying more than double the duty paid on the other wool, while if the duty was figured on the ad valorem basis it would be more than double on those short wools. Of course, we do not need to import those short wools if we don't want to, but if the tariff was arranged as we would like to have it arranged, all of those skins would be valuable, and we would not be compelled to buy nothing but the long wool skins, where we would be placed at a disadvantage. The foreigner knows then that we can only buy the one kind, and that we can not touch the other, so he can bid up those long wool skins to a high price, and make us pay probably more than they are worth because they can buy the short ones and have no competition from this side.

The CHAIRMAN. It would look from the importations as though this paragraph was well balanced with the other. I do not know why you would have been able to import as much as you have, nor that there ought to be a difference of 4 cents more a pound on it.

Mr. MCGRAW. We have a capacity to-day in our factory of 4,000 skins a day, if we could get our supply here. We have pulled at times almost that much. To-day we are only pulling 1,000 skins a day, and you gentlemen, I suppose, know that you can not run any factory profitably when you run it to one-quarter of its capacity. We will have to go out of business or get a supply of sheepskins, because to-day we can not import them profitably. We can not get them at home. We do not want anything better than open competition with our home people, but we can not compete with the foreigner.

Now, one of the gentlemen who preceded me admitted that the 1-cent differential would more than cover the cost of labor. I want to say that it will not anywhere near cover it, because the total cost of labor in pulling a skin here is fully 18 to 20 cents per skin. The average amount of wool is not any more than three pounds for the whole season.

Mr. GAINES. He said that one man would pull 100 a day.

Mr. MCGRAW. One hundred a day, but that is only one of the processes. The total cost of labor, management, everything included, taxes, insurance, all that makes up the cost of pulling, is fully 20 cents per skin. To be accurate, in 1907, which we would have to go back to, because we did very little last year, our own expenses averaged 21½ cents per skin. We claim that that work can be done abroad for one-third of the price. The labor is hardly one-third, and every other item is in proportion. Suppose you want to borrow money, which we all have to do. We in Pittsburg pay 6 per cent for

ey, when we know it to be a fact that very often in London ~~they~~ is as low as 2 per cent. It is the same with every other thing, the cost of the factory, everything connected with it, the machinery and all.

Mr. DALZELL. What is your suggestion about this; what amendment do you want?

Mr. MCGRAW. My suggestion is that wools 3 inches and over should be admitted at one-half the duty that fleece wools of the same class would be admitted; wools from 1 to 3 inches in length be admitted at one-third the duty, and all wools below 1 inch free of duty.

Mr. UNDERWOOD. Then you would get the hide without any tax on it?

Mr. MCGRAW. There is no tax on pickled skins at present. We are not picklers; we are simply wool pullers.

The CHAIRMAN. All free of duty excepting the wool?

Mr. MCGRAW. Of course. Pickled skins are free. Our foreign competitor, the man with whom we will have to compete and have been competing, can pull the skins over there. He can send the pickled skins in free of duty. He can send the wool in in a washed condition—and that is one point that I want you gentlemen to understand—he can send it in in a washed condition, within 30 per cent of being clean, and only pay 1 cent a pound more duty than we are charging for wool in a condition that it will shrink fully 50 per cent. Now, that is not fair, and we think this industry is as justly entitled to protection as a lot of others.

Mr. CLARK. That is it, isn't it?

Mr. MCGRAW. That is it.

Mr. CLARK. Because others are getting it, you want it?

Mr. MCGRAW. If there were no others getting it, we would not come here to ask for it.

Mr. CLARK. Well, I am glad to hear you say that.

Mr. MCGRAW. We need it if our business is to exist. If we are not to be forced out altogether, we must have the supply open to us.

Mr. CRUMPACKER. What do you do with the skins?

Mr. MCGRAW. We pickle our skins.

Mr. CRUMPACKER. Do you sell to the tanner?

Mr. MCGRAW. We sell to the tanner and we sell our wool to the woolen mills.

The CHAIRMAN. Suppose we adopt your suggestion as to wool on the skin, to make it proportionate how much ought we to cut down the duty on the tanned sheepskin.

Mr. MCGRAW. I am not competent to talk on the question of leather because I am not a tanner and do not know anything about that.

The CHAIRMAN. But if we go into this thing it is necessary for us to know about it.

Mr. MCGRAW. Some tanner can give you the information better than I could. I would be willing to give it if I knew, but I do not propose to talk about things that I do not know anything about.

The CHAIRMAN. If you desire to have this question taken up perhaps you had better look up somebody.

Mr. MCGRAW. Oh, well, Mr. Schmidt is a practical tanner, the man who preceded me a short time ago.

Mr. GAINES. Could you not have some tanner write a full statement and file it with the committee, covering the question which the chairman has asked you?

The CHAIRMAN. What we want to consider, in any event, is whether we shall retain the present duty on wool or whether we shall reduce it or change it; whether this paragraph is out of balance and out of proportion with the rest. If it is, and we should reduce it, then the practical question comes up as to what we can do with the manufactured goods. We want information on those points. None of us are experts on that.

Mr. McGRAW. Pickled skins are what you have left after the wool is on the free list. If you want to put a tariff on pickled skins, that is one way to protect the wool puller, as well as to put it on wool. We do not care where you put it so long as you protect us from the foreign wool puller—the man we compete with. The reason we ask you to put the protection on is because he can do his work cheaper than we can. Then, again, he has assured advantages besides the question of labor, which are these: There are times, and the present is one of them, when he has a far better market for his product, tariff considered, than we have. Right to-day fine wools are selling for more money abroad, tariff considered, than they are selling for here in the United States. When that is the condition, this foreign puller with whom we compete on the raw skin has the privilege of selling his wool in a better market, and if our market is better he has the privilege of sending it in here. He has also the privilege of separating the choicest grades from the poorer ones and only sending in the choicest grades, while we have to import everything on the skin, and in a very dirty condition.

Mr. RANDELL. I notice that either you or the witness who preceded you said that the industry has constantly fallen off in this country. I notice in the government publication that from 1898 to 1904, inclusive, the importations of unwashed wool on the skin were less than a quarter of a million pounds.

Mr. McGRAW. Yes.

Mr. RANDELL. And from 1904, when there were 115,623 pounds imported, the importations for 1905 jumped to nearly 3,000,000 pounds, or, to be more exact, 2,902,245 pounds, and have since then averaged more than 2,500,000 pounds. How do you call that a decreasing industry?

Mr. McGRAW. I can account for that easily, and I tried to explain that to you gentlemen. Up to four years ago we never dreamed of going outside of the United States for our supply of sheepskins. In 1904, when the packers refused to sell us any more of their product, we did not know what to do unless go out of business or go to the foreign market. We went ourselves to London, and by good luck we happened to get in at a low point, when wools were low, and we had an advance afterwards. And I admit that on that importation we made some money, and I am also free to admit that on the late importation we did not make money.

Mr. RANDELL. You were making money before the packers began this business?

Mr. McGRAW. I beg pardon, we were not. As I said before, we never dreamed of such a thing.

Mr. RANDELL. But you made money in business in this country before the packers took your business away?

Mr. MCGRAW. Oh, yes.

Mr. RANDELL. I notice that for 1904 there were only 115,000 pounds imported.

Mr. MCGRAW. When we got our supply here the sheep were slaughtered in this country for mutton, and they are still being slaughtered.

Mr. RANDELL. Has your business increased in volume, or decreased in volume since 1904?

Mr. MCGRAW. Ours has decreased very much.

Mr. RANDELL. Then the packers have made more than 2,500,000 pounds difference in the home supply, per year, have they not?

Mr. MCGRAW. The home supply of sheepskins, I guess, is greater to-day than it was in 1904, but it is not available to what you might call the outside wool puller; that is, the wool pullers who are not packers themselves. When our business was established we got our supply of pelts locally, entirely in the city of Pittsburg. At that time the small butchers all over the country did the killing of cattle and sheep. Then the industry drifted west to the large packers, and for a number of years those packers were selling us their sheepskins; that is, we could come in and have the privilege of competing for them. If the price was higher than their manager of the wool department thought he could make on the skin, he sold to us, and if it was not, he pulled it.

Mr. UNDERWOOD. What are the packers doing now?

Mr. MCGRAW. They are pulling the wool and selling it and tanning the sheepskins.

Mr. UNDERWOOD. They have monopolized the wool-pulling business of this country as they have the beef industry?

Mr. MCGRAW. That is about the extent of it; that is, they are pulling the wool over the eyes of the wool puller.

(The following was filed by Mr. McGraw:)

1466-1476 RIVER AVENUE, N. S.

Pittsburg, Pa., November 20, 1908.

WAYS AND MEANS COMMITTEE (Sixtieth Congress),

Washington, D. C.

GENTLEMEN: We herewith submit some facts concerning the duty on wool imported on the skin and its effect on the wool-pulling industry of this country, and hope you may see your way clear to recommend such a revision of the tariff as will give it the protection it is justly entitled to.

The difference in the cost of pulling sheepskins between this and foreign countries is fully 12 cents per skin, and as the average amount of wool per skin covering the whole year is 3 pounds, this makes a difference of 4 cents per pound.

The difference, however, on class 2 wools is much greater, as the foreign puller can wash his wool to within 10 per cent of being clean and import it in this condition, whereas wool imported on the skin is always in an unwashed condition, with a shrinkage of fully 50 per cent on class 2 wools. This means that the duty paid for wool off the skin is on a scoured basis of $13\frac{1}{3}$ cents per pound, whereas on the skin it costs 22 cents per pound. Taking the average amount of

scoured wool per skin at $1\frac{1}{2}$ pounds, the difference per skin in favor of the foreign puller is 13 cents plus 12 cents for labor, or 25 cents under present schedule.

Fleece wools, class 2, can be imported, washed, without any increase of duty over the unwashed, and in a condition not exceeding 20 per cent in shrinkage, thus making the duty per scoured pound 15 cents, as against 22 cents for wool on the skin.

There are still other advantages which the foreign puller enjoys, such as shipping into this country only the choicest grades and having the benefit of his home market for both wool and slats, which is quite frequently, tariff considered, better than this market.

The duty per scoured pound paid under present law is much higher for wool imported on the skin than that for either pulled wool off the skin or fleece wools, owing to the fact that wool on the skin is usually in a much dirtier condition than pulled or fleece, being dragged around in the blood and dirt of slaughterhouses, and contains tags and skirtings, which are removed from pulled and fleece wools. Moreover, it is only the choicest, lightest shrinking fleece wools that are imported, wools that shrink on an average 20 per cent lighter than wool of similar grade imported on the skin.

Merino fleece wools with staple 3 inches long are worth at present 80 cents, scoured basis, while pulled wools of same grade 1 inch or under will command not over 40 cents, so that short wools would be costing treble the duty charged on long, if figured on an ad valorem basis.

To place the wool-pulling industry of this country on an equal footing with foreign countries, pulled wools, class 1 and class 2, on the skin measuring 3 inches or over, should be assessed one-half the duty assessed on fleece wools of same class; on wools 1 to 3 inches in length, one-third the duty of fleece of same class, and on all wools below 1 inch in length, free of duty; all duties to be assessed on the amount of pulled wool the skins may yield.

The reason why the wool-pulling industry needs the protection asked for is that the pullers have been forced to look to foreign countries for at least a portion of their supplies, as the home supply is not near equal to the demand. This condition has been brought about by the large packers, who previous to the last three years sold a large percentage of their sheepskins, but who at present refuse to sell any. There have been several pullers obliged to withdraw during the last three years, and in some instances their capital has all been lost. The others, who are still holding on, nearly all lost money during this period, and it is only a question of time until several others of those still operating will be obliged to follow in the footsteps of their former competitors unless granted the redress prayed for. The withdrawals above referred to occurred before and were not caused by the panic.

We occupy a factory which cost us \$184,000, and give employment to 150 men when running full.

Respectfully submitted.

THE P. MCGRAW WOOL CO.,
By PATRICK MCGRAW, *President*.

Comparative cost of pulling sheepskins between the United States and foreign countries.

Cost of pulling sheepskins, including all expenses:		Per skin.
United States	-----	\$0.18
Foreign countries	-----	.06
Difference	-----	.12
Average rate of wages:		Per day.
United States	-----	\$2.25
France	-----	.50
Difference	-----	1.75

(This labor is performed largely in France by women.)

Average amount of wool per skin for the whole year, grease, 3 pounds.

Average amount of wool per skin for the whole year, scoured, 1½ pounds.

STATEMENT OF MR. J. M. WILSON, OF DOUGLAS, WYO.

Mr. WILSON. I am from central Wyoming—Douglas. I am western vice-president of the National Wool Growers' Association. I am here to represent them and the growers.

I have no idea of coming before this committee with any stump speech or any set phrases. I am watching the gentleman from Missouri now, because I noticed him yesterday all day trying to help us out, and I know he is going to help me out because his name is Clark, the same name as that of our Senator from Wyoming, and I know that anybody by the name of Clark is all right.

Before starting, gentlemen, I want to call your attention to one thing that I saw in the Washington Post. I have no intention of finding fault with the press because they have treated us fairly all the way through, but in this case they have made a mistake. I see here on the first page of the Post—

The CHAIRMAN. Really, we are not considering the tariff from what is said in the newspapers—

Mr. WILSON. But if the chairman will excuse me for just a moment—

The CHAIRMAN. And I wish to remind the gentleman that there are a good many other people waiting to be heard.

Mr. WILSON. I just want to call your attention to this one thing. [Read:]

This titular clerk of the finance committee, it is charged, was paid by the National Association of Wool Growers, and when his activities were concluded, the efficiency of which, said Mr. Bennett, is witnessed by paragraph 364 of the tariff act, the association made him a "present" of \$5,000.

Now, I am here to say that the National Wool Growers' Association never made anybody a present of one cent.

The CHAIRMAN. As I understand it, it is claimed that the money was paid by the Wool Manufacturers' Association.

Mr. WILSON. But the paper has got—

The CHAIRMAN. Was not that the case, Mr. Clark? It was not the Wool Growers' Association, but the Wool Manufacturers' Association, was it not?

Mr. WILSON. It is the Wool Growers' Association here.

Mr. CLARK. The paper got it wrong if that is what it says. It is the Wool Manufacturers' Association.

Mr. WILSON. Thank you, Mr. Clark.

Mr. CLARK. Of which Mr. Whitman was "it."

Mr. WILSON. Now, gentlemen, I have, as I have told you, no set speech. I come here to represent the woolgrowers alone, the woolgrowers of Missouri just as much as the woolgrowers of Wyoming. I got mixed up in a runaway accident; I am limping in one leg, and will have to lean a little bit, so the committee will excuse that.

The CHAIRMAN. If that does not affect your vocal apparatus, you may go on.

Mr. WILSON. I hope not. I am here to make a confession that is humiliating for any man to make. I know that the gentlemen here when they go to borrow money tell how good they are and how good their collateral is. Now, I am here to tell you that the sheep collateral of the West is looked on as first-class. I am originally from Ohio, but, like most good Ohio men, moved out of the State.

The CHAIRMAN. Well, there must be a few left there.

Mr. WILSON. Yes. Now, gentlemen, I went to the county clerk of Converse County, Wyo., and asked him to give me a report of the indebtedness of the sheepmen in Wyoming, as shown by the chattel-mortgage record. I got the full report from our own county, and I got a kind of a summary from Natrona County, and from one of the other counties, merely a guess. I have this information from Converse County certified to by the clerk. You must remember that the counties of Wyoming are bigger than the Eastern States, and yet we have only a few people in them. For instance, the first on the list was 750 sheep, with a mortgage of \$1,380. The next was 5,500 sheep, with a mortgage of \$15,000. The next is 2,012 sheep, with a mortgage of \$3,500, and so on down the list, gentlemen, until the total shows 225,585 sheep, with a mortgage indebtedness, as on record in the county, and certified to by the clerk, of \$566,736, or in the neighborhood of \$2.50 a head on each sheep.

The CHAIRMAN. Please file that with the reporter. Does that include all of the sheep in the State?

Mr. WILSON. This is only Converse County—one county.

The CHAIRMAN. Does it include all of the sheep in that county?

Mr. WILSON. No; I am coming to that a little later, if the chairman will excuse me.

The CHAIRMAN. What I wanted to know was whether there are any sheep not mortgaged; and if so, how many?

Mr. WILSON. That is what I am coming to.

(Following is the statement referred to:)

Converse County, State of Wyoming, November 27, 1908, on record of even date.

Number of sheep.	Amount of mortgage.	Number of sheep.	Amount of mortgage.	Number of sheep.	Amount of mortgage.	Number of sheep.	Amount of mortgage.
750	\$1,380	23,000	\$24,000	6,000	\$11,000	6,000	\$4,400
5,500	15,000	1,500	8,117	400	500	1,000	4,500
2,012	3,500	10,850	19,000	3,078	7,000	2,200	7,825
600	882	1,000	2,000	6,600	17,000	2,000	5,700
3,200	8,000	990	2,000	5,000	18,000	2,500	10,140
1,350	1,528	4,800	5,000	2,600	10,990	3,300	10,000
2,100	4,450	1,000	3,000	1,000	3,980	800	900
340	400	1,400	5,100	4,000	2,000	6,000	12,000
1,600	7,500	1,128	2,600	5,200	17,032	200	3,500
530	1,200	3,845	7,500	6,400	18,082	6,000	6,300
3,700	4,973	10,000	21,000	5,000	5,000	5,400	8,500
3,500	6,300	2,100	12,000	1,200	2,897	2,400	16,000
5,750	15,335	1,162	2,850	3,000	12,000	4,000	16,000
2,750	8,900	500	1,160	2,500	6,000	2,500	3,300
400	400	2,800	3,000	300	900		44,000
400	1,065	13,000	37,000	1,000	5,000		
2,000	8,000	6,000	13,000	500	1,300	225,685	566,736
750	1,400	2,100	4,750	3,000	12,000		

STATE OF WYOMING, *County of Converse, ss:*

I, L. W. Clelland, county clerk in and for Converse County, Wyo., do hereby certify that the above and foregoing is a true and correct copy of the mortgage records, showing the number of sheep and the amount mortgaged for in said county.

I further certify that the total number of sheep in said county, as shown by the assessment rolls of said county, is 346,792 sheep.

Witness my hand and the seal of said county this 28th day of November, A. D. 1908.

[SEAL.]

L. W. CLELLAND, *County Clerk,*
T. C. ROWLEY, *Deputy.*

I wrote a letter to Mr. C. F. Maurer, president of the C. F. Maurer Investment Company, of Douglas, Wyo., and said to him:

Will you please advise me at once as to the proportion of sheep in Converse County having mortgages against them relative to those sheep in the same county that have no mortgage against them, but have borrowed money against them? I wish to use this in a hearing before the tariff committee in Washington, and would like your reply at once.

Now, Mr. Maurer has been in the loan business there for over twenty years, and here is his answer:

In response to your inquiry as to loans on sheep and sheep paper, would say that my experience in the loan business for the past twenty years shows that about 40 per cent of the loans is made on stock in the sheep companies, and the balance made on mortgages on sheep or other property owned by sheep men or sheep companies. The loans on stock would of course not appear on the records of the county.

Mr. UNDERWOOD. In other words, you think that that indicates that sheep growing is not only a good business, but a safe business to lend money on; a prosperous business?

Mr. WILSON. It has been a safe business to lend money on, because the sheep men don't know how to get away with it. This letter shows that 40 per cent of all the money borrowed on sheep is borrowed on collateral and on loans that do not show on the record.

Mr. CLARK. If it will not interrupt you in your statement, I would like to ask what you are citing those mortgages for?

Mr. WILSON. Simply, Mr. Clark, to show you and the gentlemen of this committee that the present tariff on wool has not made the sheep men rich.

Mr. CLARK. That does not prove that.

Mr. WILSON. I beg pardon.

Mr. CLARK. If I wanted to go into the sheep business, for instance, in Wyoming, I would have to borrow money to go in on. That would not show that the sheep industry was not prosperous; it would show that I did not have the money to invest in the sheep business.

Mr. WILSON. I know, Mr. Clark. If you will pardon me—

Mr. CLARK. I will withdraw that now. I simply wanted to know what you cited those figures for.

Mr. WILSON. Now, I sent the same letter to the president of the First National Bank of Douglas, Wyo., and here is the reply.

The CHAIRMAN. Can you not just state the substance of the letter without reading it in full?

Mr. WILSON. It is a short letter.

The CHAIRMAN. Very well; go ahead.

Mr. WILSON (reads:)

In reply to your letter of the 28th, making inquiry as to our opinion of the relative proportion of the number of sheep in Converse County upon which mortgage has not been given for borrowed money bears to the number of sheep covered by mortgage, we are unable with the data at hand to make this comparison, but we have no hesitation in stating that there are over 200,000 sheep in this county upon which money is advanced either upon shares in corporations owning them as security or otherwise borrowed. We trust that, though this does not absolutely answer your question, it may be of some assistance to you in arriving at the comparison desired. Signed by J. De Forest Richards, President.

That is, there are 225,000 sheep in that county that are mortgaged and there are 200,000 head, according to Mr. Richards, upon which have been borrowed money without giving any mortgage security that is entered on the record; that is, they give stock in their companies or notes of their organizations as collateral.

Mr. CRUMPACKER. How many unencumbered sheep are there in the county?

Mr. WILSON. The association returns show that there are none.

Mr. CRUMPACKER. All the sheep have an incumbrance upon them?

Mr. WILSON. Yes, sir.

Now, I want to supply some information there because I knew that Mr. Clark would ask me that later, and that is that the lands are not counted on the assessment roll, but when a man gives a mortgage he counts the land and everything.

Mr. GRIGGS. Have you anything but sheep in the county?

Mr. WILSON. Yes, sir; we have cattle, and what is true of sheep is true of cattle. And I am glad the gentleman has asked me that question.

Mr. GRIGGS. Do you mean to say, then, that every sheep in the county has an indebtedness against it of \$2.50?

Mr. WILSON. Yes.

Mr. GRIGGS. And every head of cattle in the county has a mortgage against it, in proportion to its value, the same as the sheep?

Mr. WILSON. That is, a mortgage or collateral security.

Mr. GRIGGS. To the same thing?

Mr. WILSON. Yes.

Mr. GRIGGS. A gentleman testified here yesterday that sheep out there were worth \$1.50. Are not Wyoming sheep worth more than that?

Mr. WILSON. They are worth more; decidedly.

Mr. GRIGGS. What are they worth?

Mr. WILSON. A good breeding yew in Wyoming to-day will sell for from \$4 to \$4.50 a head. The state assessment, I believe, values them at \$2 and \$2.50.

Mr. GRIGGS. Then there is an indebtedness against them to the full amount of the assessed value of the sheep?

Mr. WILSON. I did not want the committee to get that idea. The idea is this: While those sheep had an indebtedness against them, there is also a vast amount of real estate that is back behind this, and that is also mortgaged; and the mortgages on the record as shown here are not the collateral for the loans, but the real estate plus that is the collateral for the loan.

Mr. CLARK. Is that not because in every new country the ambitious young fellows go out there—the very cream of the country as a matter of fact—to embark in business, and they have not the money with which to do it; and that they are borrowing money to go into the business? That has been the history of the country from the Atlantic to the Pacific, and Wyoming is not at all exceptional in that regard.

Mr. WILSON. All we ask of this committee, gentlemen, is this, to give the best men from Missouri who are mated with the best girls from Massachusetts a chance to work out their own salvation; give them the same chance that you have in the East.

Mr. UNDERWOOD. Well, we put no duty on that proposition at all.

Mr. WILSON. There is none now, but give us the same chance. We are a new country. I was at the reciprocity convention in Chicago, and a gentleman from Massachusetts—I forget his name—got up and told us that all of the natural resources of Massachusetts were used up, and that they had to go where they could get cheaper coal, lumber, and so on. Gentlemen, we are in this sheep business; we are building an empire. We have got more work and more labor to put 1 acre under cultivation in Wyoming than they had in Ohio or Missouri or Alabama to put 10 acres under cultivation. We only ask you to give us a chance to be a part of the American Union; give us a chance to work out our own salvation. I have given you the facts here as shown by the record, and, as Mr. Clark says, the best men, the cream of what we have in the East, go West. We haven't gotten old enough yet to have men there that have been born and raised there, with very few exceptions. The people there are from Ohio, from Maine, from New York, and from Alabama. Our liveryman in our town is from Alabama. They are from every State in the Union. And those people, as Mr. Clark says, are the cream of what you have got, because the dead men do not go West.

Mr. CRUMPACKER. What specific thing do you want?

Mr. WILSON. We simply want this. We have shown you that under present conditions we are indebted, and heavily indebted. Now, then, we simply come here, gentlemen, asking you to at least give us what we have got. We do not ask anything else. If, under existing conditions, we have not been able to pile up the fortunes that we have been accused of—under existing conditions when it is shown that

in Converse County every sheep in the county has an indebtedness against it, we simply come to this committee and ask them—

The CHAIRMAN. How many sheep are there in that county?

Mr. WILSON. There are 225,000 under mortgage, and Mr. Richards, the banker, says there are 200,000 sheep in the county upon which money is advanced; and I understand there are 347,292, certified by the clerk, on the assessment roll, and there are a hundred thousand more sheep mortgaged than on the assessment roll, but they do not count the lands on the assessment roll, but they do count them in the mortgages.

Mr. BOUTELL. What was the price of fleece wool in 1900?

Mr. WILSON. Well, I went into the sheep business in 1903, and if you will ask me something about the business from 1903 on I will try to answer it.

Mr. BOUTELL. Then what was the price of fleece wool in 1903?

Mr. WILSON. In 1903 we sold fleece wool at 6 cents a pound.

Mr. BOUTELL. What is it now?

Mr. WILSON. This year we sold the same wool at 15½ cents. Last year we sold the same wool at 22½ cents.

Mr. BOUTELL. That was in 1907?

Mr. WILSON. In 1907; yes.

Mr. BOUTELL. What was the price of pulled wool in 1903?

Mr. WILSON. Now, I want the committee to understand one thing, and that is this, that on pulled wool and these schedules I know nothing. If the committee wishes to ask me any question in regard to raising sheep and the cost of production, I can answer and am perfectly willing to answer.

Mr. BOUTELL. I supposed there was some competition between pulled and fleece wool, and I did not know, as you were in the market, but that you might know what it was.

Mr. WILSON. We kill considerable mutton each year to feed the men, and all that mutton is killed with the wool short. We throw the hides away, for they are not worth enough to bring them from the ranch to the market. I will say as to fine wool, that the price of the wool depends upon the length of the fiber.

Mr. BOUTELL. You do not know the prices of pulled wool for the dates for which you have given prices of the fleece wool?

Mr. WILSON. I pay no attention to the prices, and another thing, you are talking about the price of pulling the wool—

Mr. BOUTELL. I wanted to get the price to the consumer, that is all.

Mr. WILSON. It costs 10 cents a fleece to get the wool off. That is what we paid this year.

STATEMENT OF MR. ANDREW J. SOLIS, OF BOSTON, MASS.

Mr. SOLIS. Mr. Chairman and gentlemen, I want to discuss this question in a broad sense. What I have got to say will take me ten minutes, but I want to come to the point, and I think I can show you some things here that have been avoided by some of the other witnesses.

The people of this country have adopted a protective policy not to advance prices, but to increase production; to induce production of commodity among ourselves in order to give employment to the great-

est number of people at the greatest possible wage, and by competition among ourselves to decrease the cost of commodity to the consumer, and when the increase of production is not affected by the duty imposed to encourage production. The protection given is a failure and becomes a burden to the community, as it only serves to increase cost without material benefit to anyone except the individual producer.

The Dingley tariff law has given the woolgrower one of the highest duties on wool ever carried by a tariff bill—with what result? In 1893 the wool clip was 348,000,000; in 1908, 298,000,000—a decrease of 50,000,000 pounds.

The basis of wool production in the United States is the sheep flocks in the United States. The basis of wool consumption in the United States is the population. We had 10,000,000 more sheep in this country when the population was 50,000,000 than at the present time, when the population is 90,000,000. Under no duty on wool we had a yearly average of 1,200,000 more sheep than we have had under the Dingley tariff law with 11 cents duty, which shows that so far as the law encouraging the raising of sheep is concerned it has been a failure, as it has only served to advance the price of wool.

So far as I can see, the present wool duty has no basis of fact. Are we protecting the difference in the labor cost against foreign labor or are we protecting the woolgrowers' profit?

Certainly it is; with a duty or without a duty, the sheep flocks in the United States are about the same, and if we shall judge the future of, say, ten years hence, when we shall have a population of 100,000,000 by the performance of the grower in the past, where will the values of wool stand if supply and demand is a factor in the basis of value?

At the present time we produce in this country one-half the grease wool we consume, and on a scoured basis we produce one-third and import two-thirds. In 1907 we imported 203,000,000 grease pounds. Much of the wool imported we could not grow if we would, and yet the burden is placed on the people of this country in order to protect the profit of the woolgrowers. I certainly believe in a fair protection of the woolgrowers, but I think 11 cents per pound entirely out of proportion, based on the requirements of this country.

On the other hand, the demand for textiles caused by increased population has been met in the manufacturing end of the country by increased machinery, which has increased the demand for wool materially. It may not be generally known, but it is a fact that buyers of manufactures establish prices which manufacturers must meet. The clothier demands cloth out of which to make a suit which he can sell for \$10 and a boy's suit that he can sell for \$5. The hosiery manufacturer must meet the demand for hosiery that he can sell for a certain fixed price. The underwear manufacturer must make his shirts and drawers at a given price, and so on along the line. How can it be done with wool advanced to prices equalled only since there was a premium on gold?

The problem was solved by the increased use of cotton. The manufacturers of men's wear in order to make cloth to make the suits at the prices laid down by the clothiers used pure cotton yarn and made the cloth known as the cotton worsted, and for the better grades made mercerized cloth 50 per cent wool worsted yarn and 50 per cent cotton yarn. Where all worsted yarn made entirely from

wool was used the weight of the cloth has been lowered; 8, 9, 12, and 13 ounce cloth has been substituted for the regular regulation 16-ounce; for the light weights and for the heavy weights, for which the regulation weight was 20 ounces, 16-ounce cloth is used, and in order to make up the lost weight in the cloth in making the suit heavy lining packed with cotton wadding and other substitutes was added and even 13-ounce cloth has been used for heavy-weight clothing for winter. The light weights are only paper coverings and have no wear whatever. You have heard Mr. Whitman's statement regarding his cotton-warp dress goods. That means they are 50 per cent cotton and 50 per cent wool.

The hosiery manufacturer, in order to meet his buyer's prices, made his hosiery out of 50 per cent black dyed cotton and 50 per cent white wool, or with one thread of cotton and one thread of worsted. The length of the hosiery has been clipped wherever possible.

The underwear manufacturers made his garment to meet the buyer's prices by taking out nearly all the wool and making them almost wholly of Peruvian cloth. In fact, the more wool he had in, the greater amount of wool he took out. The woolen manufacturers of old-style cloth for the last three years have secured but little business, but when they have run it has been largely on cloth made from cotton. This shows that manufacturers in order to run either reduce the weight of their cloths or make them out of cotton, and the higher wool is, the less wool is used. I think it is no exaggeration of fact to state that during this high-priced wool under the Dingley bill 75 per cent of the people have been clad from head to foot and from skin out in cotton and the other 25 per cent have been cheated by having to wear paper cloths in summer and light-weight cloths in winter. Had all used wool, wool must easily have sold at \$1 per pound.

Indeed, one wool merchant of whom I know tried to corner the market on this basis, but he did not reckon on the use of cotton and lost a fortune.

Who have been the real beneficiaries of the Dingley wool schedule? It has not been American labor, because many of the mills have been filled from top to bottom with foreigners, many of whom could not even speak the English language. That is why wages did not materially increase. It has not been those on fixed salaries, because no advance has been given, and instead of being better situated they were in a worse condition, because the cost of living was forced up to such an extent that the ordinary individual just about made both ends meet, and had hard work at that. It was not the wool dealer, because, although he made money selling the wool, he bought at a still further advance. He lost it all by being caught with a large stock on hand when the panic of 1907 forced prices down to a normal level.

The only real beneficiaries have been the woolgrowers; they were able to force the price of their commodity up an average of over 150 per cent, or 38 to 40 cents per scoured pound, and maintained it, and had sold their clips to the wool dealers and had their cash before the panic reached them.

I have been obliged to have recourse on the old business to statistics, but I have the prices of wool in 1893; I have the prices at what it has been selling at before the panic, and those prices show just what I have stated here.

The CHAIRMAN. Will you leave those prices with the committee?

Mr. SOLIS. I will do that. Another thing, the woodmen did not get caught in the panic. The people of Boston went out there, and they paid their money down, and they have gotten along very well. But the panic came on, and our people lost fortunes on it while the western people had their money in their pockets, and they were all right.

I can not see why they should receive undue consideration at the hands of Congress unless it is on the principle of having a balance of political power.

It is argued that if the duty on wool is reduced the duty on manufactured goods must be reduced also, and how will anyone derive any benefit? To my mind more wool will be used with wool on an 8 cents per pound duty than at a 11 cents per pound duty, because prices will then be down to the established price level, and instead of woollen manufacturers being forced to use cottons all will be able to use wool.

Mr. UNDERWOOD. What effect would that have on the export trade of the American manufacturer?

Mr. SOLIS. I do not think it would have any, sir.

They also argue that if the tariff is lowered direful will be the results, but, as a matter of fact, on the present level of values a 3-cent per pound reduction of the duty on wool has already been discounted and with manufacturers' stocks in the hands of merchants greatly reduced there could not be a time better than the present to adjust the schedules of the tariff.

What we need is a tariff based on scientific principles. We want to protect the wages of the American workman; we want every man to get the highest possible wage; therefore the greatest percentage of protection should be placed on the greatest labor cost, which is the finished product.

I believe that under a protective policy as liberal as the law about to be enacted the existence of a woollen trust is a disgrace to the country, and the law should be so framed that it be taxed out of existence.

And that could be done if you put a tax on the partially finished product.

Now, there is another thing that I haven't got very much respect for. I do not think the Dingley law is protection by any means. I find in Schedule K concealed legislation, which gives wool combers, one of the first and simplest processes of manufacture, costing from 2½ to 5 cents per hundred, a protection higher than the finished product.

Mr. LONGWORTH. Are you referring to paragraph 364?

Mr. SOLIS. I refer to the schedule which covers it all, without saying what it is.

Mr. LONGWORTH. May I ask you whom you represent?

Mr. SOLIS. I represent the wool department of the Union Carpet Lining Company, and I also represent Andrew J. Solis & Co., commission merchants; that is myself.

Now, what does this mean? You have given these people a protection of 1,480 per cent on the cost of production.

Mr. BOUTELL. In paragraph 364, do you say?

Mr. SOLIS. Yes.

Mr. BOUTELL. I wish you would elucidate that. I tried to get some light on that yesterday, but could not.

Mr. SOLIS. I know you did not. When it comes to labor cost you have got about 2,560 per cent. That is what you have done. They did not want to tell you, but that is the fact.

Mr. LONGWORTH. Can you describe the operation by which you arrive at that?

Mr. SOLIS. I will, with pleasure, if you will let me read this law. (Reads:)

Paragraph 364. Wool and hair which has been advanced in any manner or by any process of manufacture beyond the washed or scoured condition, not specially provided for in this act, shall be subject to the same duties as are imposed upon manufactures of wool not specially provided for in this act.

Now here is what it means. Paragraph 366 says:

On cloth, knit fabrics, and all manufactures of every description made wholly or in part of wool, not specially provided for in this act, valued at not more than 40 cents per pound, the duty per pound shall be three times the duty imposed by this act on a pound of unwashed wool of the first class; valued at above 40 cents per pound and not above 70 cents per pound, the duty per pound shall be four times the duty imposed by this act on 1 pound of unwashed wool of the first class, and in addition thereto, upon all the foregoing, 50 per centum ad valorem—

Mr. COCKRAN. What are you reading from?

Mr. SOLIS. From the law which takes care of those not specially provided for, paragraph 366.

Mr. SOLIS. I am reading from the law which takes care of those "not specially provided for." It is section 366.

Now, then, just figure this thing out. You take a top, a top that is made in Europe, say, at a cost of 60 cents. Perhaps that is a little high, but we will say 60 cents. Now, then, the ad valorem duty is 50 per cent. That is 30 cents. Four times 11 is 44. That is 74 cents a pound.

These people will comb tops of that kind for seven and a half cents. That is what they call a commission comber.

Mr. COCKRAN. Please explain what you mean by that.

Mr. SOLIS. A man will take wool and he will send it to one of these combers and he will wash it and comb it and send back the finished product and then he takes the finished product and sells it or does whatever he wants to do with it. They will do that for seven and a half cents.

As a matter of fact they are not doing it for their health. We will allow them two and a half cents a pound. So we will figure out it costs them 5 cents a pound.

Now, we will figure this. If the duty was 1 cent a pound on the cost of 5 cents a pound, the percentage of protection would be one-fifth of 20 per cent. Consequently, with 74 per cent duty, twenty times that, or 1,480 per cent. That is right, is it not?

Let us go a little further in this thing, and when you come right down to the labor cost of course there are fixed charges, but I think that 2,560 per cent is pretty near right.

Mr. BOUTELL. So far as you know, has this paragraph 364 been applied to anything else but these tops?

Mr. SOLIS. That is what it was for.

Mr. BOUTELL. I say, has it been applied to anything else?

Mr. SOLIS. No; that is what it is for; there is nothing else.

I want to go a little further here. I want to import some Australian lambs' wool. Australian lambs' wool does not interfere with the woolgrowers in any particular. It is used by the underwear manufacturers to make shirts and drawers. It is used in New York State, it is used in Connecticut, and where they make knitted underwear. It is something that can not be produced here. It does not interfere with the sheep growers in any particular, and I can not see why we can not have a good shirt, if it does not interfere with a good revenue.

Mr. UNDERWOOD. You did not hear the gentleman state yesterday that he wants us to put a prohibitive duty on Japanese matting so people in the warm part of the country will have to buy Brussels carpet?

Mr. SOLIS. There is no question about it, they are wearing cotton shirts to-day and think they are wearing woolen shirts.

Mr. CRUMPACKER. What is the difference, if they don't know it?

Mr. SOLIS. If it was a very cold day they would find it out. If you caught a nice cold from it you would find it out.

Mr. GAINES. Would a change in the tariff aid the people that buy these articles; could they then detect the fraud any better than they can now?

Mr. SOLIS. The manufacturer wants to make a decent thing, and a buyer comes to him and says, "We have got to have that shirt," or whatever it is, "to sell for so much money." "Well," the manufacturer says, "I can not do it, because wool is so much." "We don't care about that; do anything you want to to get the price down." So what does he do? He takes out his wool, and the more wool he has in the more he takes out.

Mr. HILL. What is the duty on Australian wool?

Mr. SOLIS. Eleven cents—the same.

Mr. HILL. Eleven and 12 cents?

Mr. SOLIS. Yes; as you know, this lambs' wool—in fact all wool—is sold on a percentage basis. There is very little Australian lambs' wool that shrinks over 60 per cent.

Mr. HILL. As it is now, he uses other domestic wools?

Mr. SOLIS. No.

Mr. HILL. He has to have it, anyway?

Mr. SOLIS. Yes; he has to have it, because you take Australian lambs' wool of a certain fineness and it is soft and white. For instance, sometimes we use Nevada lambs, but there is not enough of that kind of wool; you can't get much of it. When you get it, it may be enough lower so that sometimes a man will buy it, but it is not enough to cut any figure at all, and they would use all the Nevada lambs' wool they could get.

Here is something you could get a revenue on without hurting anyone.

Mr. HILL. You get more revenue now if they have to have it?

Mr. SOLIS. No; I think they would use more, they certainly would; they would use more wool and less cotton. That comes right to the knitters of underwear.

There is another schedule, and that is the waste schedule. You have the schedule on waste way up—

Mr. CLARK. Before you go to that I would like to ask a question or two.

What is the difference between Australian lambs' wool and the American lambs' wool?

Mr. SOLIS: Australian lambs' wool is very much finer.

Mr. CLARK. These men swore here up and down yesterday that they grew just as good wool in the United States as anywhere on earth.

Mr. SOLIS. I think perhaps they do; it is a different thing. Here is white and here is black. They are the same thing, but different, that is all.

Mr. CLARK. There are no black sheep raised in this country except by accident?

Mr. SOLIS. I am not speaking about that. But say green or yellow, or any other color.

Mr. CLARK. There are none of those colors, I am sure. Is Australian lambs' wool a different quality and a finer quality than any American lambs' wool?

Mr. SOLIS. Yes; it is.

Mr. CLARK. Now, another thing. Did you hear Mr. Longworth yesterday when he read that section of the letter to Mr. Whitman?

Mr. SOLIS. Yes, sir.

Mr. CLARK. And you heard Mr. Whitman's answer?

Mr. SOLIS. Yes, sir.

Mr. CLARK. Do you know enough about the clothing business to know whether or not it is possible to go down town here to one of the best clothing stores in the city and buy a suit of clothes that is made entirely of wool?

Mr. SOLIS. If you pay enough for it, it is; yes. I have a coat here that I just bought—

Mr. CLARK. I want to give you an experience I had. Last winter I went to one of the best clothing houses in Washington and bought an overcoat for my boy. He was practically grown, being a boy 17 years old, and large. I paid \$45 or \$50, I have forgotten which, for the overcoat. I was also buying him a suit of clothes. The man that sold it to me was a nice man, and a truthful man, I think. I asked him if the coats he was showing me were all wool. He said, "Mr. Clark, there is not a single solitary all-wool suit here."

Mr. SOLIS. Well, of course, I don't know. I think he was putting it pretty strong.

Mr. CLARK. That is what I want to know—

Mr. SOLIS. Oh, no, no.

Mr. CLARK. I want to know whether in these best ready-made clothes they have not introduced a certain proportion of cotton?

Mr. SOLIS. I don't think so, sir; no. I think we have all-wool clothes just the same as—

Mr. CLARK. I know if you go to Keen's and pay him enough, which is almost prohibitive, whatever the tariff is, you might get a wool coat; but I will ask you this question: I will ask you if you do not know this, that the clothes that are sold in clothing stores now do not last as long as they did ten or fifteen years ago?

Mr. SOLIS. Of course they do not.

Mr. CLARK. That is because they have injected this cotton element into it?

Mr. SOLIS. It is because of that and because the buyers have insisted on certain prices. They say, "Here, I have got to have that cloth

to sell for so much." Now, it doesn't make any difference what you put in it, or what the weight is, if they go to work and buy light-weight cloth, then they have to put wadding and stuff in to make it feel warm. That is the way they do it.

Mr. CLARK. Years ago you could buy a suit of Scotch tweed that would last two or three years.

Mr. SOLIS. Yes. That thing, I think, all depends upon the price of the wool. If wool is way up you will find that you do not get such a good thing, and if wool goes down I do not think that values of a suit of clothes change a great deal. I think it is simply a matter of quality. In Europe they manufacture for quality. A man will establish a certain grade and he will keep it forever, and if the price goes up he charges more, and if it goes down he will charge less; but here if the price goes up they take out the wool, or reduce the weight, or something, to keep the price back.

Mr. CLARK. Now, to recur to your waste business——

Mr. FORDNEY. Before you go to the waste let me ask you this.

If there is 1,400 per cent protection, as there is, on woolen goods, is there any good reason why they could not make it all wool?

Mr. SOLIS. It is a process——

Mr. FORDNEY. But you say it is not the manufacturer's fault; he wants to make it all wool, but the customer will not take it.

Mr. SOLIS. The customer would take it, but the man who makes the clothes won't; he wants to——

Mr. FORDNEY. You say that under high prices people consume less than they do under low prices, or a low tariff, rather?

Mr. SOLIS. What is that, sir?

Mr. FORDNEY. You stated a while ago that when the price was high people consumed less than when the price was low. Is that true of every article on the market?

Mr. SOLIS. I do not quite see it that way. Did I say that? What did I say?

Mr. FORDNEY. When the price of an article was high the people consumed less of it?

Mr. SOLIS. I did not say that; I said——

Mr. FORDNEY. I understood you to say that.

Mr. SOLIS. I said when the price of an article was high and they were manufacturing for a certain price, in order to get that certain price they reduced the weight, or adulterated, but the man who buys it wants it as he buys it. Where he gets stuck is because he does not get the same value.

Mr. FORDNEY. I understood you the other way. But if that is true, are we consuming less per capita to-day of those clothes than we were from 1893 to 1896, when wool was on the free list?

Mr. SOLIS. I think if a man wants a suit of clothes he buys it——

Mr. FORDNEY. If he has the money to buy it.

Mr. SOLIS. I mean if he has the money.

Mr. FORDNEY. Has the average man more money now than he had from 1893 to 1896—the average laboring man of the country?

Mr. SOLIS. Well, I think very likely he has been employed; I think very likely he has more money now.

Mr. FORDNEY. Is it not true that the average American citizen is consuming much more per capita to-day, much more of provisions and the necessaries of life, than he was from 1893 to 1896?

Mr. SOLIS. I think he has to buy enough to live on, but I think everything costs him a whole lot more.

Mr. FORDNEY. That is true, but he has the money to pay for it, has he not?

Mr. SOLIS. I do not know; I do not think he has.

Mr. FORDNEY. Did you hear that statement made by the gentleman from Philadelphia yesterday, a gentleman who represented some labor organization?

Mr. SOLIS. Yes, sir.

Mr. FORDNEY. In the textile works?

Mr. SOLIS. Yes, sir.

Mr. FORDNEY. What do you have to say to that? Do you think labor is much more prosperous to-day than it was a few years ago?

Mr. SOLIS. I think so. I do not think they have much more money. Some wages have been advanced 10 per cent. Suppose a man is getting \$10 and his wages are advanced \$1, and his living has gone up \$5; of course he has not gained anything. That is the condition to a large extent, I think. Everything he has to use now has gone up in price.

Mr. FORDNEY. Then he can not afford to pay the advanced price?

Mr. SOLIS. No; he can not.

Mr. FORDNEY. Then he had better make application to the undertaker to put him out of existence.

Mr. SOLIS. No; we don't do that. We just stay right here and kick.

Mr. FORDNEY. A sheep grower yesterday made a statement yesterday that the wool he was receiving 32 cents a pound for to-day sold, in 1896, under free trade, for 15 cents a pound.

Mr. SOLIS. Yes. I will be free to confess that I am not a woolman at all. I wanted to make——

Mr. FORDNEY. What are you? You are talking about wool?

Mr. SOLIS. I do not go out West and buy wool, but I am dependent on statistics. But on the other hand, as to the manufacturing end of the business, I have been selling yarn, wool, and products of that sort for the last sixteen years.

Mr. FORDNEY. You are an importer, are you?

Mr. SOLIS. I am an importer and a commission merchant.

Mr. FORDNEY. Would you rather buy imported goods than American goods?

Mr. SOLIS. No; I would rather buy American goods.

Mr. FORDNEY. Then why don't you want the duty so high that foreign goods can not get in here?

Mr. SOLIS. Because the population does not stop. I see where you are leading. Now, we will take this matter of wool. Here in 1884 they had 50,000,000 sheep. At the present time we have 38,000,000 sheep. Now, then, the population in 1884 was about 50,000,000, and to-day it is about 90,000,000.

Mr. FORDNEY. Is the importation of wool greater to-day than it was in 1896, per capita, based on the population of the United States?

Mr. SOLIS. Well, I don't know. I can not answer that.

Mr. FORDNEY. If we are raising less wool than we did then and the people are consuming more, it must come from abroad.

Mr. SOLIS. That is just where a whole lot of people have lost a lot of money, and I will tell you why. They do not figure on the use

of cotton and all sorts of substitutes. You can read these tables about consumption and all that sort of thing, but you have got to consider in with that the use of cotton and the use of all sorts of substitutes.

Mr. FORDNEY. My friend, I was alive and on earth from 1893 to 1896.

Mr. SOLIS. So was I.

Mr. FORDNEY. And I had a wife and big family, and I know how much harder it was to support them then than it is now, though prices are higher now, and I think every educated citizen has met the same conditions that I have encountered. Do you want to go back to free trade?

Mr. SOLIS. I have not said I did, but I do say that 11 cents a pound duty is too high. I think if we had 8 cents a pound duty it would be all right.

Mr. FORDNEY. You want a reduction?

Mr. SOLIS. Yes, sir.

Mr. FORDNEY. What do you want it for?

Mr. SOLIS. So as to give us better goods; so as to allow us to manufacture better goods and give us better value.

Mr. FORDNEY. Will the consumer buy better goods from the foreigner than if they were manufactured at home?

Mr. SOLIS. We are not going to buy them from the foreigner and pay an 8 cent a pound duty. We are going to buy them right here, only we are going to have the value so much lower that we are going to get a wool suit instead of a cotton suit.

Mr. FORDNEY. By a reduction of the duty you insist that the importer can compel the manufacturer to put more wool in his clothes?

Mr. SOLIS. No, not that, but the merchant that buys the goods will be able to get more wool in the clothes he buys.

Mr. FORDNEY. Who gets it eventually?

Mr. SOLIS. The consumer.

Mr. FORDNEY. You said a while ago that the consumer or merchant would not permit the manufacturer to put wool in the goods.

Mr. SOLIS. No; I did not say anything of the sort. I said that the manufacturer—I would say that the man—you understand that you want to just remember here, I am talking about the man who buys the cloth to make the suit of clothes. He wants to make a profit. He goes to the manufacturer and says, "I have got to get a suit of clothes I can sell at the same price as before, and I want my profit."

Now, then, in order to do that you have to make that cloth so you can do it.

Mr. FORDNEY. Your contention is, then, that if by reducing the duty on wool so it may come in from foreign countries and destroy the wool industry—

Mr. SOLIS. We are not going to destroy the wool industry—

Mr. FORDNEY. Wait a minute. And by retaining the tariff on something that the consumer produces, so that his income is as great as it is to-day, then he can wear more wool?

Mr. SOLIS. I have not said anything of the sort.

Mr. FORDNEY. That is your argument.

Mr. SOLIS. No; my argument is that the man who buys the cloth insists on selling the suit of clothes at the same price as he did before, and because wool is so much higher the manufacturer of cloth can

not do it, and so he has to take out either the weight or he has to use cotton. That is what I contend.

Mr. FORDNEY. A man's purchasing power is measured by his income, is it not?

Mr. SOLIS. Yes, sir.

Mr. FORDNEY. If you reduce the value of the sheep grower's product you reduce his purchasing power, do you not?

Mr. SOLIS. But we are not going to do that—

Mr. FORDNEY. You do do it when you reduce the duty on wool from 1893 to 1896?

Mr. SOLIS. But, my dear sir, I am not a free trader, although I am not a standpatter.

Mr. FORDNEY. You heard a gentleman say yesterday that sheep were selling from 50 cents to \$1 a head from 1893 to 1896, and now they are selling for \$4.50.

Mr. SOLIS. If they want 11 cents a pound duty to supply the people of this country with wool, why don't they raise the wool?

Mr. FORDNEY. Aren't they doing it?

Mr. SOLIS. No; they have reduced the clip 50,000,000 pounds.

Mr. FORDNEY. How much more wool now is imported than there was twelve years ago?

Mr. SOLIS. I don't think that is any more than twelve years ago. Was that under free trade?

Mr. FORDNEY. Yes; in 1896, we will say.

Mr. SOLIS. I can not answer that. I suppose, of course, there is a good deal—

Mr. FORDNEY. You mean to say that there is not as much wool being used now as then?

Mr. SOLIS. Yes; they use substitutes now. They use cotton. They have to do it. I tell you what you do; you just take and go out among the manufacturers, and go to see them personally, and you will find out a whole lot more. I have come down here to do what I could—

Mr. FORDNEY. We have been hearing manufacturers here; we heard them yesterday morning.

Mr. SOLIS. You heard men who were trying to give you just as little as they could.

Mr. FORDNEY. They gave us a great deal of information.

Mr. SOLIS. They did; yes, sir.

Mr. FORDNEY. The fact is, you want the duty reduced on wool?

Mr. SOLIS. I want it reduced 3 cents.

Mr. FORDNEY. Do you want it reduced on anything else that you know of?

Mr. SOLIS. Of course, if you reduce it 3 cents on wool, you have to reduce the compensatory duty 3 cents a pound on manufactured goods.

Mr. FORDNEY. Pardon me, but what are your politics?

Mr. SOLIS. I am a Republican. I will tell you what I am. I am a Republican kicker. [Laughter.]

Mr. FORDNEY. I knew you were a kicker, but I didn't know your politics.

Mr. SOLIS. I am not a standpatter. I think we ought to progress. I am not much of a politician anyhow.

Mr. HILL. Will you not go back to your waste proposition and let me ask you what would be your suggestion with 361, 362, and 363,

covering top waste and other waste, shoddy, and woollen rags to make it proportional to wool at 11 cents a pound, as it is now?

Mr. SOLIS. In 1884, the tariff there, they made it a 10-cent duty all around.

Mr. HILL. On all three?

Mr. SOLIS. Yes.

Mr. HILL. What was the rate of duty then on the wool itself?

Mr. SOLIS. The duty, I think, was 10 and 12.

Mr. HILL. And the rate on these three paragraphs was what?

Mr. SOLIS. Ten cents flat.

Mr. HILL. And the same on rags as on shoddy and top waste?

Mr. SOLIS. I don't know. I know on top waste, slubbing waste, roving waste, ring waste, and garnetted waste the duty was flat 10 cents.

Mr. HILL. It is now 30 cents a pound?

Mr. SOLIS. Yes. That is simply a prohibitive duty. You might as well say, "Top waste, slubbing waste, roving waste, ring waste and garnetted waste, prohibited."

Mr. HILL. How about No. 362?

Mr. SOLIS. That is the same thing.

Mr. HILL. That is prohibitive?

Mr. SOLIS. Yes, sir; and the whole business is prohibitive down to—

Mr. HILL. And No. 363?

Mr. SOLIS. Yes, sir.

Mr. HILL. Now, the question is, what suggestion would you make as a proper rate for those three sections; would you say 10 cents?

Mr. SOLIS. I tell you, I should say to be fair about it, 10 cents a pound on thread waste, but 15 cents on ring waste and slubbing waste. That would allow the stuff to come in, and I don't think it would hurt the woolgrowers very much, because they would simply use that waste to mix in with the domestic wool instead of cotton.

Mr. HILL. What would you make it on shoddy and rags then?

Mr. SOLIS. I should not make it more than 100 per cent—2 cents a pound.

Mr. HILL. In other words, you would make it 100 per cent ad valorem?

Mr. SOLIS. Yes.

Mr. HILL. That would be a great reduction from what it is now?

Mr. SOLIS. It would.

Mr. HILL. Will you not prepare a wool schedule, Schedule K, such as would meet the general views of the Boston wool dealers, in your judgment, and send it in within the next week?

Mr. SOLIS. I think if I made a schedule that way, I think I should say that they do not want it changed.

Mr. HILL. Then send in a schedule according to your own views.

Mr. SOLIS. I will give you my opinion—

Mr. HILL. That is it.

Mr. SOLIS. I will be glad to do that.

Mr. HILL. And please make it harmonious.

Mr. SOLIS. Yes.

Mr. HILL. I mean one part harmonious with the other.

Mr. CLARK. You mean harmonious with himself.

Mr. SOLIS. There is one thing I would like to call attention to, and that is in paragraph 365. Those schedules are simply prohibitive. They do not mean anything, and you might as well say, "Prohibited."

Mr. COCKRAN. Mr. Fordney was asking you about the conditions of this country under the Wilson bill, and I understand your attitude here has no reference to that; that you are discussing matters as they stand at present.

Mr. SOLIS. Yes, sir.

Mr. COCKRAN. When you stated to Mr. Fordney that the cost of this lamb's wool under the tariff was necessarily reflected in the amount of consumption I suppose you meant that in proportion as the price was raised the quality was diminished?

Mr. SOLIS. Not as regards lamb's wool.

Mr. COCKRAN. I mean in the finished article.

Mr. SOLIS. Not as regards lamb's wool, but as regards the finished product?

Mr. COCKRAN. That is what I say. Of course that is the finished product. That is to say, an article under a system which allows you to obtain this basic material on reasonable terms, you would be able to give a much better quality than under existing circumstances?

Mr. SOLIS. Yes, sir.

Mr. COCKRAN. And I understood you also to say that the trade makes it difficult to raise prices?

Mr. SOLIS. Yes, sir.

Mr. COCKRAN. That after the people have become habituated to certain prices that they are not willing to pay more?

Mr. SOLIS. That is it exactly.

Mr. COCKRAN. And the additional expense of the manufacture is met by reducing the quality of the finished product?

Mr. SOLIS. Yes, sir.

Mr. COCKRAN. So your testimony and your experience here are intended to secure a reduction in the tariff on this basic article?

Mr. SOLIS. On all these basic articles.

Mr. COCKRAN. With a view to improving the commodity that is available?

Mr. SOLIS. That is it.

Mr. COCKRAN. For the same amount of money?

Mr. SOLIS. For the same amount of money, so the people will get more value.

Mr. COCKRAN. So that a laborer who undertakes to purchase an under-garment, for instance, will obtain for, say, a dollar an article that will wear longer and be more comfortable while it is being worn than he would be able to buy under the conditions which exist now?

Mr. SOLIS. That is it, exactly; exactly what I mean.

Mr. UNDERWOOD. You think this schedule should be reduced all the way through, do you?

Mr. SOLIS. I think if it was done intelligently, it should be. [Laughter.] I will tell you what I mean by that. It is all very well for people to take hold of a thing and get down to the bottom facts; you can do it without hurting anyone, but if you do it without knowing what you are doing, you will make a whole lot of trouble. That is what I mean.

Mr. UNDERWOOD. You said that a great many of the paragraphs in Schedule K are prohibitive and create no revenue whatever?

Mr. SOLIS. Yes, sir.

Mr. UNDERWOOD. Do you think it is necessary to have them prohibitory in order to maintain the industry?

Mr. SOLIS. I don't know.

Mr. UNDERWOOD. Referring to the paper that Mr. Hill asked you to file here, will you state what schedules are prohibitive and which schedules are not prohibitive?

Mr. SOLIS. Yes.

Mr. UNDERWOOD. And the extent you advocate the reduction of duty on each schedule?

Mr. SOLIS. Yes. I would like to show how these things work. The idea is that in some of these schedules they make two classifications. For instance, they will make, say, a yarn that costs 30 cents, will pay so much duty, and then above that shall pay so much duty. The way they prohibit that is to put the value of the yarn down low, so it will be a mighty poor thing on the other side, you know; so it can not possibly compete.

Mr. UNDERWOOD. You think the entire wool schedule ought to be re-formed in the way of its classification, as well as in the amount of duty?

Mr. SOLIS. I think it could be with a good deal of advantage, but I say I think you ought to do it carefully; we don't want to injure anyone, but we want to do good.

Mr. UNDERWOOD. I am satisfied the committee will agree with you on that.

The CHAIRMAN. Have you worked out any such schedule?

Mr. SOLIS. No.

Mr. HILL. I asked him to do it.

Mr. SOLIS. I will do it; yes, sir.

Mr. GAINES. The entire wool schedule.

Mr. SOLIS. I am not an expert on this thing. I have some ideas, but I really—I will tell you what I think—

Mr. GAINES. You and the persons whose ideas agree with yours can work out a consistent schedule on that basis. For instance, if you suggest to us merely one schedule, it would not enlighten us as to what should be done with the rest of the tariff in view of the wool schedule—in view of that particular paragraph.

Mr. SOLIS. I should think really you would take 8 cents a pound on wool based on, say, 40,000,000 sheep, and advance a cent a pound on every 10,000,000 sheep—advance automatically, you know. For instance, if you have 40,000,000 sheep, say the duty would be 8 cents, and if you have 50,000,000 sheep the next year the duty would be 9 cents. Let it go up in that way, but let them produce the goods.

Mr. BOUTELL. You have given a very reasonable explanation of the effect of No. 364 in the Dingley law. Do you know anything about the legislative history of that paragraph, where it was prepared, or where it was inserted in the bill?

Mr. SOLIS. I know something about it, but I don't want to go into it.

Mr. BOUTELL. There is where you differ from us. We do want to go to the bottom of it and we expect to go to the bottom of it before we get through. I did not know whether you could throw any light upon it or not.

Mr. SOLIS. I had a great deal to do with that myself. Well, well—I will do what you want.

Mr. BOUTELL. Of course you understand you come here voluntarily, and I, for one, think there is a proper limit to the cross-examination of a witness who comes here voluntarily and is not under oath, and I simply ask these questions to elucidate such information as a witness wants to give voluntarily.

Mr. SOLIS. The only reason I object to answering fully is because it was something I overheard accidentally, and I do not want to put myself in the position of being an eavesdropper.

Mr. BOUTELL. I certainly do not ask you to give any information you gained as an eavesdropper. I did want to know whether you knew from your personal experience anything about the legislative history of this paragraph.

Mr. SOLIS. I was anxious—I will tell you—I did not like this Dingley law, and when the thing was started I tried to do something to see if I could not reduce the duties, and I went around among a good many manufacturers, and finally, after the thing was all over, I ascertained a certain man was going to be appointed Commissioner of the Census because of his great work on this Dingley tariff law. I did not think he ought to be appointed for that reason, and I very foolishly wrote one or two letters, and it has brought this thing all out. I wrote a letter to the Wool and Cotton Reporter at that time, stating why I did not think that he had the qualifications for the position of Commissioner of the Census, and he replied to me, and I replied to him.

Mr. BOUTELL. I think you misapprehend the scope of my question. You refer to matters that took place after the paragraph was adopted—

Mr. SOLIS. Before it was adopted—

Mr. BOUTELL. But I wanted to know whether you knew anything about the legislative history of the formation of that paragraph, and right here I would like to have inserted in the record at this point paragraph 390 of the McKinley bill, and in juxtaposition with that paragraph 364 of the present Dingley law. A reading of this paragraph will show that whereas the McKinley law describes specifically what the paragraph was intended to cover, namely, wools and hair of the camel, goat, alpaca, or other like animals, in the form of roping, roving, or tops, and all wool and hair which has been advanced in any manner or by any process of manufacture beyond the washed or scoured condition, paragraph 364 in the Dingley law omits all that description and simply in vague and general language, utterly unintelligible to the general reader, says that the duty shall be so and so.

The two sections referred to are as follows:

390 of the McKinley law:

Wools and hair of the camel, goat, alpaca, or other like animals in the form of roping, roving, or tops, and all wool and hair which has been advanced in any manner or by any process of manufacture beyond the washed or scoured condition, not specially provided for in this act, shall be subject to the same duties as are imposed upon manufactures of wool not specially provided for in this act.

Paragraph 364 of the Dingley Act is as follows:

364. Wool and hair which have been advanced in any manner or by any process of manufacture beyond the washed or scoured condition, not specially provided for in this act, shall be subject to the same duties as are imposed upon manufactures and all wool not specially provided for in this act.

Having put those two paragraphs in the record, I will ask you another question. Do you know who it was who is responsible for changing paragraph 390 in the McKinley law to the form of 364 in the Dingley law?

Mr. SOLIS. I can answer that I think I know who wanted it.

Mr. BOUTELL. That would not be an answer to my question.

Mr. SOLIS. I do not think I want to testify on that.

Mr. BOUTELL. Very well. As I said before, the only reason I do not press you is that I understand perfectly that you are a voluntary witness and not under oath. I trust the time will come later on when this committee will have the opportunity to get at the facts by witnesses whom we will feel at liberty to cross-examine.

Mr. COCKRAN. In answer to Mr. Gaines, you made a suggestion which I think pregnant of great possibilities in the way of a tariff schedule. I understood you to say that in this wool schedule which you are to suggest you would start with a given rate of duty, and then as the flocks of sheep increased you would raise the rate of duty as an encouragement to further effort after some performance?

Mr. SOLIS. Yes, sir. Now, for instance—

Mr. COCKRAN. Wait a minute. Now, do you think it would be possible to extend the operation of that principle and apply it to labor, so that starting, say, with 100 per cent, which seems to be moderate on this occasion, for a basis, that then as wages went up the protection should be increased 10 per cent in proportion to each—

Mr. SOLIS. Yes; yes, sir.

Mr. COCKRAN. You think that would be equally feasible?

Mr. SOLIS. I would not say it would be feasible, but I think it would be a good thing.

Mr. COCKRAN. It would be just as feasible in regard to labor, would it not, as in regard to the number of sheep?

Mr. SOLIS. Yes.

Mr. COCKRAN. And that would give the manufacturer an incentive to raise wages.

STATEMENT OF MR. A. S. ERICKSON, OF SALT LAKE CITY, UTAH.

Mr. ERICKSON. Mr. Chairman and gentlemen of the committee, I came here to represent the Utah Wool Growers' Association. I had a little address prepared here, but I am not going to refer to it because I think I have some better suggestions to make after having listened to our friend, the manufacturer.

I am surprised that he wants to divest us of the little protection we have left.

There is one point I want to call especial attention to. It has been told you that we are protected 11 cents on the raw product. We are not. There is a skirted clause the manufacturers got when this bill was passed that does not give us protection and I want to bring it home as an illustration.

Skirting is taking away a certain portion of the fleece. Take your socks away, take one-half of your trousers, and your collar off, and part of your coat, and what have you got left? Not a great deal. As it now is the fleece that we raise in the West takes twelve months to produce. It is skirted, and only that choice part of the fleece—no, I want to withdraw that. I will say this: That which is imported in this country, coming in competition with that which we raise, is skirted, and that portion which shrinks excessively heavy is eliminated, so that the shrinkage on that which is imported is only about 35 per cent, as against our shrinkage of 65 per cent.

For that reason we are not protected fully to the extent of 11 cents.

The skirtings are allowed to come in at 4 cents. They do not want them; no. Now, they say, cut the better part of the fleece down to 8 cents. I want to say, gentlemen, we could stand the cut if you all want to come down together, because we know what it is. I went into the sheep business in 1893, bought some sheep, not many of them. I had saved a few dollars; I had been working before that in the sheep business as a herder, and I had succeeded in saving a few dollars and bought a few sheep. I paid 95 cents a head for them. That is simply illustrating the price of sheep at that time.

The speaker before me made reference to the high price of wool received in the West. True enough, a year ago, in 1907, prices were high in the West. But in 1908, this year, we did not receive the high prices that have prevailed in the past. Take an average, and I wish to show you gentlemen that it costs us to-day \$1.50 a head to run a band of sheep for twelve months. I have that itemized, but I am not going to take up your time to give you the figures.

Mr. UNDERWOOD. I would like to have you give us the figures, because we have not had that information.

Mr. ERICKSON. All right.

Wages paid herder and tender per month, \$90. We pay \$50 to the herder and \$40 to the tender. That makes \$1,080 a year.

Camp supplies and horse feed, per month, \$50; \$600.

Grazing fees on forest reserves, at 7 cents per head, \$126.

That is an expense that we do not have to incur for a number of years. I am not complaining, mind you, but the conditions of the country are such that they are not as they were. We are paying to-day a grazing fee of from 5 to 11 cents on the forest reserves.

Mr. UNDERWOOD. What does that mean?

Mr. ERICKSON. That means 5 to 11 cents per head for three months in the summer time. That would average about 7 cents. Then the Union Pacific traverses a great section of our sheep range, the spring and fall range, and it has been necessary to lease from the Union Pacific Railroad Company and also from the state land board lands to run these sheep upon both spring and fall, and it is also necessary to buy large tracts of land. As near an average as I could possibly get, or as an illustration, one company paid 28 cents a head for their winter range. That is only one company. That is an excessively high price. In large parts of Utah they do not have to pay for their winter grazing, but their spring and fall range, as a rule, is in the mountains. That mountainous land is either owned or controlled by the railroad company, the Union Pacific Railroad Company, or by the State, or by the Government of the United States. So that we

pay on an average of 20 cents per annum for grazing purposes, which would amount—

Mr. UNDERWOOD. That is, you estimate that if you owned the land, you count the interest on the land as worth that, and if you rent it from somebody, you count that?

Mr. CLARK. Twenty cents a sheep?

Mr. ERICKSON. Twenty cents a head per sheep per year. In many instances it is higher. That is a low average.

The next is shearing and dipping expenses per head, 15 cents. Ten years ago we got it done for half that.

Mr. CLARK. Haven't you a shearing machine now by means of which one man can shear as many sheep in a day as 15 or 20 men could shear a few years ago?

Mr. ERICKSON. Yes, and those shearers are making money—

Mr. CLARK. Why don't you buy your own shearing machine and put a man to running it?

Mr. ERICKSON. In answering that question, I will say that in Idaho, where I shear, there is a plant established there, owned by a gentleman from the East who built a shearing corral there with a shed 200 feet long, and during the season I put our sheep in there, and we shear four bands a day. Five or six thousand must be sheared every day—

Mr. CLARK. What I ask you is why you don't start your own shearing machine.

Mr. ERICKSON. That shearing machine and plant cost that gentleman something like \$150,000.

Mr. CLARK. Just one machine?

Mr. ERICKSON. That has a capacity of 5,000 or 6,000 head a day. Gasoline costs 40 cents a gallon—

Mr. CLARK. A shearing machine doesn't cost \$100,000?

Mr. ERICKSON. True enough, but the point—

Mr. CLARK. How much does a machine cost?

A VOICE. Fifty dollars.

Mr. CLARK. Why don't you get one?

ANOTHER VOICE. We have it.

Mr. CLARK. Then, what is the use of talking about this man that has gone out there and established a shearing ranch?

Mr. ERICKSON. Let me tell you that every man in Utah pays 12½ cents to have his sheep sheared, by hand or machinery.

Mr. CLARK. That is what I am trying to get at. Does this shearing machine make it cheaper to shear sheep than to shear them by hand in the old way?

Mr. ERICKSON. No; because we have the labor conditions to contend with. If you attempt to cut prices—

Mr. CLARK. Let us get down to the facts of this thing.

Mr. ERICKSON. They pay on an average at these shearing plants throughout the State of Idaho 12½ cents per head for the shearing and the branding of those sheep and the sacking of the wool, and you furnish your own sacks.

Mr. CLARK. How much is a good shearer worth out there, an old-fashioned shearer, with a pair of sheep shears? How much does he get a day?

Mr. ERICKSON. Eight cents.

Mr. CLARK. You don't mean 8 cents a day?

Mr. ERICKSON. Eight cents per head. You can not hire them by the day. You can not get a shearer in Utah or Idaho to shear by the day.

Mr. CLARK. Why don't you shear your sheep yourself, then? [Laughter.]

Mr. ERICKSON. It would take me twelve months.

Mr. CLARK. Why don't you put your men to shearing the sheep, then?

Mr. ERICKSON. We do. We can not shear them only at a certain time of the year.

Mr. CLARK. I understand that as well as you do; no man that has any sense shears sheep in the winter time.

Mr. ERICKSON. Sure.

Mr. CLARK. How much do these hand shearers get?

Mr. ERICKSON. They get 8 cents per head.

Mr. CLARK. How many sheep can a hand shearer shear in a day?

Mr. ERICKSON. He averages about 75 to 80.

Mr. CLARK. Well, take it as being 80. That would be \$6.40 a day.

Mr. ERICKSON. Sure.

Mr. CLARK. How much does it cost with one of these machines—one of these machines that costs you \$50, according to the statement of some gentleman back there?

Mr. ERICKSON. It would be impracticable with one machine. But then it would cost to buy a gasoline engine to run a machine at least \$500.

Mr. CLARK. You do not mean to say you can not get a gasoline engine for less than \$500?

Mr. ERICKSON. I can not do it, sir, out there in the West.

Mr. FORDNEY. Not one big enough to run your plant?

Mr. CLARK. How big a gasoline engine would it take to run one of those \$50 machines?

Mr. ERICKSON. That does not enter the question really. We are running. We have a certain time to leave those deserts when we are running our sheep, when the sun begins to melt the snow—

Mr. CLARK. Please don't go into that. Is it cheaper to shear by machinery or by hand?

Mr. ERICKSON. If you would come out there you might see for yourself. That has been discussed pro and con among the sheepmen of the West, and some maintain it is cheaper to shear by hand and some maintain it is cheaper to use the machines. I am not prepared to tell you which is the cheaper.

Mr. CLARK. I will never get that information, then; if I have to go out to shear sheep myself to get it, I know I will never get it. I did my shearing when I was a boy.

Mr. ERICKSON. I will say this: That the machine gives the better work, and for that reason it has taken the place of the hand shearer, but we pay for it.

Mr. CLARK. The machine gets a pound more wool off the sheep?

Mr. ERICKSON. Not necessarily a pound of wool.

Mr. CLARK. How much does it get more?

Mr. ERICKSON. The first year you shear with a machine you get a little more wool on the average, possibly three-quarters of a pound more; but, remember, the wool grows only so long every year, and if you cut it in half one year and next year you go down the other you

get a larger part of it, but if you start cutting it half and cut it every year you don't get a bit more.

Mr. HILL. Do you pay 40 cents a gallon for gasoline in Utah?

Mr. ERICKSON. About 30 cents; but, with the freight added, it comes, in some instances, to 40 cents a gallon. We pay 30 cents a gallon—

Mr. HILL. In Salt Lake City?

Mr. ERICKSON. By the 10-gallon can in Salt Lake City, or 21 cents a gallon if we go down and take it out of Mr. Rockefeller's tanks.

Mr. CLARK. Why don't you use denatured alcohol?

Mr. ERICKSON. We hope to as soon as we can, but that is used more now in other States.

To give you the other items of expense entering into the running of the average head of eighteen hundred head: Taxes we put down as \$100; traveling expenses to and from the herd, extra cost for labor during the lambing season, and caring for rams. \$290. I figure that this amounts to \$1.50 a head, or did amount to this in 1897, practically ten years ago.

Mr. UNDERWOOD. You maintain that the cost of running a sheep for one year—pasturage, shearing, maintenance, and everything—is \$1.50 a head?

Mr. ERICKSON. Yes, sir.

Mr. UNDERWOOD. Now, what does a sheep sell for?

Mr. ERICKSON. A sheep sells, our product sells—and this is what I would like to come to—it seems, at about an average of \$2.25 per head. That is what we get for our average product in that part of the country.

Mr. UNDERWOOD. You mean the average product of \$2.25 for the wool?

Mr. ERICKSON. Oh, no. Here, I have it figured out. This is wool at an average of 15 cents.

Mr. COCKRAN. How long does that average go?

Mr. ERICKSON. I have taken the range since 1897, but I will admit that this is a little high; 35 per cent net increase, losses deducted. That is about the average net increase after the deduction of losses.

Mr. UNDERWOOD. Thirty-five per cent?

Mr. ERICKSON. Thirty-five per cent. Two dollars and twenty-five cents per head, which is an average of what we have received for a period of ten years. That makes a net return from the sheep of \$1.74. It costs \$1.50 per head to run them, and we have a profit of 24 cents per head, which is about 8 per cent.

Mr. UNDERWOOD. I do not get your figures exactly. You said it cost \$1.50 to run the sheep and maintain it, and now you say \$2.25?

Mr. ERICKSON. No, no, no. It costs that much to run the sheep. Now, we begin to take our profits from the sheep. From the wool we get 96 cents. From the lamb we get 78 cents. That is the average per sheep, because every sheep does not have a lamb.

Mr. UNDERWOOD. I understand, but you get 96 cents for your wool?

Mr. ERICKSON. Yes; and 78 cents for the lamb.

Mr. UNDERWOOD. That would be \$1.74.

Mr. ERICKSON. Yes; and the cost has been \$1.50.

Mr. UNDERWOOD. Where does the \$2.25 come in that you spoke of a while ago?

Mr. ERICKSON. You take the average price for lamb received, and it is \$2.25. The average price for the last ten years has been about \$2.25.

Mr. UNDERWOOD. That is what you sell the lambs for?

Mr. ERICKSON. Yes.

Mr. UNDERWOOD. And your flock increases about a third each year?

Mr. ERICKSON. A little bit better than one-third a year. Some years we have excessive losses and some years we have better lambing. But I am trying to get at an average.

Mr. UNDERWOOD. That makes about 24 or 25 cents profit on sheep, clear profit to the owner?

Mr. ERICKSON. Yes, sir.

Mr. UNDERWOOD. And this cost, the lambs about \$2.25 apiece—

Mr. ERICKSON. About \$2.25.

Mr. UNDERWOOD. Therefore the sheep industry to-day is making a net profit of something like 24 per cent?

Mr. ERICKSON. No; that is the lamb I am speaking of, but the average price of the sheep to-day is about \$3.50 in the State of Utah. But you must remember that a lamb is not worth as much as a ewe.

Mr. UNDERWOOD. Well, \$3.50.

Mr. ERICKSON. Say, \$3. And if we have 24 cents profit there is 8 per cent profit on \$3.

Mr. UNDERWOOD. If your sheep is worth \$3 that is something like 8 times 3, or 24. That is 8 per cent net profit on your investment—

Mr. ERICKSON. Exactly.

Mr. UNDERWOOD. After all the cost of maintenance is considered?

Mr. ERICKSON. Yes, sir.

Mr. UNDERWOOD. And it is not necessary for you to become an owner of land to do that?

Mr. ERICKSON. Yes, sir; I have gone over that in detail. I have told you it has been absolutely necessary to either own or lease your spring and fall ranges.

Mr. UNDERWOOD. I understand, but you can lease them.

Mr. ERICKSON. In some instances. That is included.

Mr. UNDERWOOD. And you counted the interest in on the other proposition?

Mr. ERICKSON. Yes. So what I wish to call attention to now is the fact that we must have 16 cents for our wool—

Mr. FORDNEY. You say you purchased your sheep in 1893 for 95 cents?

Mr. ERICKSON. Yes, sir.

Mr. FORDNEY. And they are worth from \$3 to \$3.50 now?

Mr. ERICKSON. Yes; \$3.50 on the average to-day.

Mr. FORDNEY. If we are going to have free trade, it would pay you to sell out now, and then buy them back at 95 cents a head when free trade in wool comes around?

Mr. ERICKSON. It certainly would.

Mr. FORDNEY. You do not want any reduction of the duty on your product?

Mr. ERICKSON. By all means, no!

Mr. FORDNEY. The figures you have shown there are honestly made from the knowledge of the subject, and show that you have made about 8 per cent on the value of your sheep?

Mr. ERICKSON. About 8 per cent, and in Utah you can place all you wish on good first mortgages on the best farms in Utah at 8 per cent, showing that that is no more than a fair average.

Mr. FORDNEY. If by a reduction of the duty on wool it depreciated your property, your sheep and the product of your sheep, there would be little encouragement for you to remain in the business, would there?

Mr. ERICKSON. Well, gentlemen, a question of that kind is self-evident—

Mr. FORDNEY. I am agreeing with you.

Mr. ERICKSON. Surely.

Mr. FORDNEY. I want to know whether that is a fact.

Mr. ERICKSON. It certainly is a fact. I want to tell you, furthermore, the conditions in Utah this last year have been such that we have had a loss, a great loss. But we attribute that to natural conditions that came over the country, and we anticipated higher prices and are now receiving better prices. Yes, I will say we are getting better prices for our product now, because our product has moved to the eastern seaboard, and is handled by commission houses, and since the election prices have advanced materially over the prices before the election.

Mr. FORDNEY. Can you tell me, my friend, about whether or not your income from your flock of sheep the first four years that you owned them was as good as it has been since those first four years?

Mr. ERICKSON. My commencement in the sheep business was rather small, because I had been herding sheep and saved a little money and started to buy my sheep; and I let them remain in the herd of the gentleman for whom I was herding.

Mr. FORDNEY. Wool was on the free list the first few years you were in the business?

Mr. ERICKSON. Yes. Of course the price has been discussed. It is pretty well known what the prices were at that time.

Mr. FORDNEY. What did you get for your wool then?

Mr. ERICKSON. Six cents, 6½ cents, 6½ cents, and as high as 8 cents.

Mr. FORDNEY. And now you get 16 cents?

Mr. ERICKSON. I would get on an average about 16 cents; while a year ago, in 1907, I got 22½.

Mr. UNDERWOOD. I want to ask you another question about the cost of raising sheep. You figure on the cost of the lamb in your profit; you figure the lamb at \$2.25, I believe you said.

Mr. ERICKSON. The idea is this: We do not raise a lamb for every sheep we have—

Mr. UNDERWOOD. I understand; but you count on one-third increase in lambs a year at \$2.25, and therefore figure a profit at 78 per cent for lambs.

Mr. ERICKSON. A third of \$2.25 would amount to what? That would be a little bit lower; it would be 35 per cent.

Mr. UNDERWOOD. You have allowed a little over a third to each sheep?

Mr. ERICKSON. Yes, sir.

Mr. UNDERWOOD. I understand; and in the cost of the maintenance of the flock you have figured for the maintenance of the lamb as well as the balance of the flock, have you not?

Mr. ERICKSON. No; because—I will tell you. In the summer the lamb is not counted upon the forest reservation. I am figuring on 1,200 head of ewes and 600 head of wethers. Those lambs will not produce again for another year, and it costs just as much to run that lamb to its stage of productiveness as the old ones.

Mr. UNDERWOOD. But you figure that in your cost of maintenance.

Mr. ERICKSON. Yes.

Mr. UNDERWOOD. There is one thing you have not given to your credit list. You say that the sheep—when you are figuring the cost of your investment, you figure the sheep at \$3 apiece and the lambs at \$2.25. Now, that lamb becomes a productive sheep at the end of a year?

Mr. ERICKSON. Yes.

Mr. UNDERWOOD. Therefore you have made on each one of your lambs an increase in value of 75 cents?

Mr. ERICKSON. Yes; but here is the ewe; while the lamb is worth \$2.25 the ewe is worth \$4.

Mr. UNDERWOOD. Well, that is more increase yet; that is a greater increase. You have a third of your flock in lambs one year. Now, at the end of the year they have become grown sheep and they have increased in value 75 cents, or an average increase of 25 cents for each sheep you have got. So, therefore, your profits are not only 24 cents on the wool, and the dropping of the lamb, as you figured them a while ago, but the increased value of your flock by reason of the lamb growing to a sheep has also increased it to 25 cents per lamb.

Mr. ERICKSON. If it were a fact that we kept our sheep; but we ship them back to you fellows and let you feed them.

Mr. UNDERWOOD. Well, somebody makes it. You get a profit on the lambs and you don't save them to be sheep.

Mr. ERICKSON. A large percentage of our lamb crop we market. We market a large per cent of our lamb crop, and for that reason I am giving the average—what we receive for our lamb crop.

Mr. UNDERWOOD. Since you have been in business, how many of your lambs have you sold and how many have you kept?

Mr. ERICKSON. This year it would not be profitable to sell them.

Mr. UNDERWOOD. You kept them?

Mr. ERICKSON. Practically all of them; yes.

Mr. UNDERWOOD. Now, how about last year?

Mr. ERICKSON. We sold a large percentage—about 75 per cent last year.

Mr. UNDERWOOD. Since you have been in the business—since you started out—what was your flock when you first started?

Mr. ERICKSON. About 100 head, if I remember correctly.

Mr. UNDERWOOD. What was it in 1907?

Mr. ERICKSON. In 1907 it was 2,000.

Mr. UNDERWOOD. You had increased it from 100 to 2,000 in the course of fourteen years. Now, did you increase it by buying sheep and selling your lambs, or by raising your lambs?

Mr. ERICKSON. I have increased it in both ways. I have been buying and I have been selling, and I have been raising and I have been shipping, and just which proportion of increase has been the greater—I will say this, though, the proportion of increase for me has been greater on buying and selling than on raising.

Mr. UNDERWOOD. Have you not, as a matter of fact, raised at least one-half your lambs?

Mr. ERICKSON. Raised at least half?

Mr. UNDERWOOD. Yes; have you not raised at least half your lambs?

Mr. ERICKSON. No; I do not think so.

Mr. UNDERWOOD. Have you any accurate figures that you can give us on that?

Mr. ERICKSON. Not on that proposition any more than those figures that I have given you. Those are accurate figures.

Mr. UNDERWOOD. I understand that. I do not dispute the accuracy of the figures as far as they go, but you have left out one large item of profit, and that is the cost of raising your lambs. And, as you see, and as you admit, you count the cost of maintenance of lambs in your figures, and there is undoubtedly a profit of 75 cents a lamb for each year you hold them, and you have not given the figures on your profits on the other side.

Mr. ERICKSON. I understand the point; it is a point well taken, but at the same time the fact that we ship over 65 to 75 per cent of our lambs out of the State every year is something that must be considered, and so it does not cut so much figure.

Mr. UNDERWOOD. Do you not see what we want? There is an item you have not placed there.

Mr. ERICKSON. Yes, sir.

Mr. UNDERWOOD. We want the correct facts, and can you not give them to us?

Mr. ERICKSON. I will try to do so.

Mr. POU. I understood you to say that the average present profit for the sheep raisers of Utah was about 8 per cent?

Mr. ERICKSON. About 8 per cent.

Mr. POU. Do you not think that is a little bit high?

Mr. ERICKSON. No; I think it would be 8 to 10 per cent. That would be allowing liberally from 8 to 10 per cent, covering a period—

Mr. POU. I misunderstood what you said a while ago. You said something about some of your figures being a little high. I did not know whether you meant 8 per cent or some other figures.

Mr. ERICKSON. These figures would appear low for last year, but go back two years and they were much higher. Going back three years they were much higher.

Mr. POU. You say there is a demand for money at 8 per cent on the best real-estate security?

Mr. ERICKSON. Yes; on the best real-estate security.

Mr. POU. So that the persons who are engaged in the sheep-raising business get but little, if any, more than the money the landlord gets in return for the money he has invested?

Mr. ERICKSON. Not a great deal more; that is the point. Some years, mind you, our losses are not so great. Our winter conditions are not so bad some years, so that some years the profits will be higher.

The gentleman here just gives me a good suggestion, and that is in regard to the question asked me a moment ago as to the value of the flocks; the ewe is decreasing in value each year.

Mr. CLARK. That would be a valuable suggestion, if it were true—

A VOICE. It is true.

Mr. CLARK. If you keep a ewe until she dies of old age, that would be true, but no man that ever raised sheep ever did such an unwise thing as that. You get rid of your ewes before they begin to decline, do you not, or just before they begin to decline?

Mr. ERICKSON. Just when they begin to decline.

Mr. CLARK. Then that suggestion was absolutely superfluous.

Mr. ERICKSON. The fact is, we do not get much for our ewes; we only get about one-half the value of the old ewe; about one-half what we get for the average ewe.

Mr. POE. But you are not getting but 8 per cent on your investment, and you really need an increase in the tariff?

Mr. ERICKSON. It is a point well taken, from the fact that the average cost of everything has gone up 100 per cent; so we would need 22 per cent duty now.

Mr. CLARK. The average sheep in Utah at the present time is one-and-a-half or two times as good a sheep as it was when you went into the business, is it not?

Mr. ERICKSON. Oh, no. I will tell you. The year previous to my going into the business the sheep were worth \$3 a head.

Mr. CLARK. I am not talking about what they sold for. I ask if the average sheep in Utah now is not one-and-a-half or two times as big as the average sheep was in 1893?

Mr. ERICKSON. No; I beg to differ with you. The shipment of lambs to the market would answer your question. While I am not familiar with the average weight ten years ago, you will find that they are not one-and-a-half times or twice as large, because it is not possible upon our arid ranges to improve them to that extent. We can not get the best results from the fine bloods—that is, from choice bloods of either kind.

Mr. CLARK. Is it not true that ever since the sheep business got well established in Utah you have been sending to Ohio and Missouri and Iowa and the great States of the Mississippi Valley and importing choice big bucks out there to cross on your common ewes?

Mr. ERICKSON. Yes.

Mr. CLARK. And it has improved the stock amazingly, has it not?

Mr. ERICKSON. It has improved it, but at the same time it does not improve the stock to the same extent out upon the range that it does on the farm, because they require better care, better attention, and for that reason the improvement is not shown so much out on the range as it is upon the farm.

Mr. CLARK. Now, the average increase of a flock of sheep that is well attended to in the Central West, where Mr. Grosvenor and myself live, would be somewhere from 75 to 100 per cent a year?

Mr. ERICKSON. Possibly so, in your section.

Mr. CLARK. Why don't people out in Utah take something—of course, I do not expect them to take as good care as we do, but why don't they take something approximating the care of sheep that we take of them in Ohio, Indiana, Illinois, and Missouri?

Mr. ERICKSON. It is impossible to do so, my friend. I will tell you an experience. Traveling from the desert up into Idaho to the

spring range on the 1st of May, when I left the camp to go to town to get supplies it was as beautiful a day as you ever saw, with the green grass growing everywhere. That night it started to snow, and we started back to the camp. Next day about noon when we landed at our camp there was a foot and a half of snow, and our sheep were lambing in that snow. Every lamb that came for forty-eight hours, perished right in the snow.

Mr. CLARK. The truth about the whole business is that it is because you do not take care of them that you have such immense waste, is it not?

Mr. ERICKSON. Well, upon the ranges it is impossible, because as the grass is eaten off at this point to-day we move on to another point and we can not build protection sheds as we follow them up; it is impossible, because it is on a larger scale than it is in your State.

Mr. CLARK. You can not compete with Missouri and Ohio and the rest of us, then, in making wool?

Mr. ERICKSON. I think we can, because we possibly do not have to pay as much for grazing and for the land as you people have to pay.

Mr. CLARK. I would like very much to go into the sheep business and get them raised for 20 cents a head the year around.

Mr. ERICKSON. But along with that are the attendant losses, my friend. Some years we lose 50 per cent.

Mr. CLARK. Yes; I know you do, but I can't understand, to save my life——

Mr. ERICKSON. If you would go out there——

Mr. CLARK. Wait a minute. Why can not there be something done to save such immense waste as you have in the life of sheep and cattle, both?

Mr. ERICKSON. Let me illustrate. The day before I left my home in Salt Lake City, or two days before I left, it started to snow, and we had a snowstorm for forty-eight hours. The snow fell deeper than it had fallen for a number of years.

Mr. CLARK. How deep was it?

Mr. ERICKSON. It was 3 feet deep at Fort Douglas on the bench, and up on the mountains the sheep were beginning to leave the fall ranges for the deserts where they have to depend upon the snow, but they are not used to getting these things so sudden. Many sheep were in the mountains, and what was necessary for them to do was to cut down cedar trees and tie them behind wagons and make trails for the sheep to get down on the desert.

Mr. CLARK. If you had taken the sheep a week or two sooner and driven them down on the desert they would not have got caught in the snowstorm?

Mr. ERICKSON. They could not get any water before the snow came. They can not live out there like they do in the Cataline Islands.

Mr. CLARK. They live in Nevada.

Mr. ERICKSON. But they live upon snow.

Mr. CLARK. A man was telling me that they raise sheep in Nevada that never drink any water, they won't touch a drop of water, and if you drive a flock of those sheep through a stream they will jump over the stream instead of stopping to drink. That man was a county surveyor.

Mr. ERICKSON. I would not like to doubt his word, but——

Mr. BOUTELL. He was something else besides being a county surveyor, was he not?

Mr. ERICKSON. The sheep can eat snow, but in the fall of the year they necessarily remain in the mountains until the snow comes. But if it comes heavily, then our losses may be great. We necessarily have to shear before lambing, because out upon the lambing ranges it is brushy, and we want to save what little wool we have. We shear, and what is the result? We get into the mountains and we have excessive snowstorms that will sometimes kill $33\frac{1}{3}$ per cent during one storm.

Mr. BOUTELL. A witness who testified a while ago in response to one of my questions gave the price of fleece wool as follows: In 1903, 6 cents; in 1907, $22\frac{1}{2}$ cents; in 1908, $15\frac{1}{2}$ cents.

Mr. ERICKSON. Yes, sir.

Mr. BOUTELL. Was that correct as to 1903—6 cents?

Mr. ERICKSON. Yes, sir.

Mr. BOUTELL. Now, do you happen to know the price of pulled wool?

Mr. ERICKSON. I know nothing about pulled wool, except when sheep die on the range we pull the wool and save it until shearing time.

Mr. BOUTELL. I wanted to know the market price of pulled wool during those years for which I have the prices of the fleece wool.

The CHAIRMAN. What do you do with the pulled wool?

Mr. ERICKSON. We save it until shearing time, and if we have a good amount of it then—

Mr. LONGWORTH. I want to ask you whether many of your sheep are mortgaged?

Mr. ERICKSON. Yes, sir; a good many of them.

Mr. LONGWORTH. How many?

Mr. ERICKSON. I could not answer the question. I am well acquainted with Mr. Knox, of the National Bank of the Republic, and I want to say that, personally, I had to go there and borrow money myself, and he told me, he said "By God, these sheepmen are calling upon me every day." Those were his words, and it is possible, it may be possible, because a banker hates to lend money, but those were his words—

Mr. LONGWORTH. Are you as badly off as they are in Wyoming?

Mr. ERICKSON. As badly off? I could not say.

Mr. LONGWORTH. I mean in as bad a situation as that described by the gentleman formerly from Ohio—whose loss Ohio still laments—where they were all mortgaged?

Mr. ERICKSON. No. The sheep of Utah are not all mortgaged, because the sheepmen in Utah had two good years, or possibly three good years, and they cleaned up their mortgages.

Mr. LONGWORTH. It might be that the fact that the sheep are nearly all mortgaged would not necessarily mean that the business was in a bad way; it might be that that would mean that the sheepmen were extending their industry.

Mr. ERICKSON. Yes, sir; that might be the case.

Mr. LONGWORTH. In other words, the fact that the sheep were mortgaged does not necessarily argue that the business was not profitable?

Mr. ERICKSON. No, sir; because during the high prices of two years ago many sheepmen were trying to extend their business and

increase their flocks. But this year, owing to the conditions, the sheepmen are in debt, but they hope the tariff will remain on, so that they will get enough for their wool to clean up next year and go on with their business.

Mr. FORDNEY. I think you misunderstood the dates presented to you. You told Mr. Boutell that the price of your wool in 1903 was 6 cents, and you told me that it was 6 cents in 1893.

Mr. ERICKSON. I meant 1893.

Mr. FORDNEY. 1903 was five years ago, and you told Mr. Boutell that you only got 6 cents for your wool then.

Mr. ERICKSON. I got mixed up on that. I meant 1893. Five years ago we got an average of about 12 cents for it.

Mr. FORDNEY. And it was in 1893 that you got only 6 cents?

Mr. ERICKSON. Yes, sir.

Mr. FORDNEY. And not 1903?

Mr. ERICKSON. No; I did not understand.

Mr. CLARK. You say loans can be negotiated in Utah on good real estate security at 8 per cent?

Mr. ERICKSON. From 6 to 8 per cent, yes.

Mr. CLARK. Will you try to give that information to Mr. Whitman of Boston?

Mr. ERICKSON. My figures for expenses for running average herd of 1,800 head of sheep for one year are as follows:

Wages paid herder and tender, per month, \$90.....	\$1, 080
Camp supplies and horse feed, per month, \$50.....	600
Grazing fees on forest reserves, at 7 cents per head.....	123
Spring and fall range, at 13 cents per head.....	234
Shearing and dipping, at 15 cents per head.....	270
Taxes	100
Traveling expenses to and from herd, extra cost for labor during lambing season, caring for rams.....	290
	<hr/> 2, 700
Number of sheep in the State of Utah.....	2, 500, 000
Pounds of wool produced therefrom.....	15, 000, 000
Average increase about 35 per cent annually.	

STATEMENT OF MRS. E. BONNEMORT, OF SALT LAKE CITY.

Mrs. BONNEMORT. Gentlemen, this is a rather embarrassing position for me. I have never spoken in public in my life, and in fact I do not think many of the sheep raisers are used to oratory. I wish I were an orator so that I could make you understand what it would mean to the woolgrowers of the West if the tariff on wool should be lessened, or I wish I were an orator that I might make you understand what it did mean when the tariff was taken off wool, as it was some years ago.

Before the tariff was taken off the wool we got from 15 to 18 cents a pound for our wool, and we got from \$3 to \$4 per head for our sheep. After the tariff was taken off the wool we received from 5 to 6 cents a pound for our wool. Especially during the last four years of President Cleveland's administration, it was worse then; the wool only brought us from 5 to 6 cents per pound, and our sheep brought us \$1 per head, when we could find a buyer; but in those days it was very hard to find a man who had a dollar to pay for the sheep.

You can not imagine the misery that the sheep men went through. We were unable to pay for our herders. We were unable to pay their wages and furnish them proper food to eat. They did not suffer, though, as much as the men who owned the sheep and their families.

But that was during a Democratic administration, which has passed and gone. Now we are enjoying the blessings of a Republican administration, and to those honorable men we plead for protection.

If we should have a reduction on the wool again it would bring the same misery in Salt Lake and to the West that it did before. We would be in just as bad a place as we were then, because it costs to-day twice as much to raise a sheep that it did in those days, and in those days we paid our herders from \$30 to \$35 a month and to-day I pay my herders from \$45 to \$100 per month.

In those days we had plenty of free range, plenty of feed for our sheep. To-day the ranges are scarce, and we have to feed our sheep. So that it would undoubtedly bring back the same disaster that we had before if the duty were taken off wool. I was going to say it would mean worse disaster, but that could never be. Those that passed through that period know that there could never be anything worse. I know that if they lessened the tariff on wool it would ruin one of the best industries in the West.

Mr. FORDNEY. Where is your home?

Mrs. BONNEMORT. In Salt Lake City.

Mr. FORDNEY. You are the owner of sheep in that place?

Mrs. BONNEMORT. Yes, sir.

The CHAIRMAN. Mr. Boutell would like to know if any gentleman present knows the price of pulled wool?

Mr. BOUTELL. I would like to know the price of pulled wool in the three years for which the prices of fleeced wool were given—1903, 1907, and 1908.

Mr. PATRICK McGRAW. The price of pulled wool is usually based on scoured wool—

Mr. BOUTELL. I would like to simply get the prices of pulled wool for those years.

The CHAIRMAN. What is the difference in the market price between fleeced wool and pulled wool, if anything?

Mr. BOUTELL. The price of fleeced wool in 1903 was about 12 cents.

Mr. McGRAW. In 1903 scoured pulled wool, what we call B super grade, which is about one-quarter pulled wool, was 35 cents.

Mr. BOUTELL. I mean the same kind of pulled wool, in the same condition as the fleeced wool when it was worth 12 cents?

Mr. McGRAW. The wool they referred to was Territory wool and that will shrink 66 per cent. Three twelves are thirty-six. That is pretty near the same thing. One pound of Territory wool, shrinking 66 per cent, that would be one-third. It takes 3 pounds of the fleeced wool to make 1 pound.

Mr. BOUTELL. You say pulled wool in 1903 was worth about what?

Mr. McGRAW. It was about 33 to 35 cents.

Mr. BOUTELL. What was the price in 1907?

Mr. McGRAW. That same wool was worth 50 cents.

Mr. BOUTELL. What was it in 1908?

Mr. McGRAW. Well, in 1908, I am sorry to say, it has got back down to about 35 cents, on account of financial conditions which you are aware of. It got back in 1908 to about where we were in 1903. In the meantime we had quite an advance.

Mr. BOUTELL. So that the advance in fleeced wool from 1903 to 1907 and 1908 was a great deal more in proportion than the advance in the price of pulled wool?

Mr. McGRAW. I don't know. We advanced from 1903 to 1908 from 35 cents up to 50 cents; that was an advance——

Mr. BOUTELL. And fleeced wool went from 12 cents to 22½ cents.

Mr. McGRAW. Well, of course——

Mr. BOUTELL. That is all I want.

Mr. LONGWORTH. Mr. Boutell, there is a gentleman here who knows the price of pulled wool.

Mr. Jacob F. Brown came forward to the speakers' table.

Mr. BOUTELL. I simply wanted to know whether the prices of fleeced wool had not advanced more than the prices of pulled wool from 1903 to 1907?

Mr. BROWN. They go together. The value of pulled wool, as a rule, is about 5 per cent less than the value of fleeced wool, but some kinds of pulled wool are worth more than fleeced wool. They generally go together.

STATEMENT OF MR. D. M. CAMPSEY, OF WASHINGTON COUNTY, PA.

The CHAIRMAN. What is your occupation?

Mr. CAMPSEY. I am a woolgrower. I would state, though, that we can not produce wool in western Pennsylvania for less money than we are getting for it to-day.

We have been receiving an average of about 35½ cents for our wool under the present protection. It costs us fully that much to produce it, not counting the increase of the flocks. But we do not count anything for labor, shearing, or washing, or anything of that kind, and we do not count anything on the money invested.

The producer of wool in western Pennsylvania must figure that his wool will pay for the keeping of the sheep during the year. It costs from \$1.80 to \$2.60 per head for keeping our sheep during the year—our feed, grazing, and hay. We have received from 28 cents to 35 cents during the present protective tariff.

I will be very glad to answer any questions that I am able to answer.

The CHAIRMAN. Is the number of sheep in Pennsylvania decreasing?

Mr. CAMPSEY. I can not say that it is. I do not believe it is very much lately, not during the present tariff.

The CHAIRMAN. How many sheep have you?

Mr. CAMPSEY. We have something over 1,000,000; about 1,100,000——

The CHAIRMAN. I mean how many sheep have you personally?

Mr. CAMPSEY. I have about 400 sheep.

The CHAIRMAN. How long have you been in the business?

Mr. CAMPSEY. I have been in the business all my life, in a certain sense.

Mr. DALZELL. Where?

Mr. CAMPSEY. In Washington County, Pa. My father was a woolgrower before I was born.

Mr. CLARK. Mr. Campsey, you say that the fleece pays for keeping the sheep?

Mr. CAMPSEY. That is what we want it to do.

Mr. CLARK. It does do it, does it not?

Mr. CAMPSEY. Just about, now.

Mr. CLARK. And the increase of your flocks is 80 per cent?

Mr. CAMPSEY. No, sir.

Mr. CLARK. Now, all through this thickly settled country, like you and I live in, do not the flocks increase from 75 to 100 per cent, if they are well taken care of?

Mr. CAMPSEY. No, sir; our flocks do not.

Mr. CLARK. How much do they increase, then?

Mr. CAMPSEY. I should not say they increased over 25 per cent.

Mr. CLARK. Is it not a well-known fact among farmers that if a flock of sheep is well taken care of the percentage of lambs in proportion to the old sheep, or the producing sheep—the mothers—is from 75 to 100 per cent?

Mr. CAMPSEY. No, sir. Now, let me explain.

I represent the small-flock masters; they are men who keep 200 head of sheep. Most of these farmers keep what are known as whole families, from the lamb to the 4-year-old sheep, which they sell for mutton, and they can not raise more than 40 or 50 lambs in one year. If a farmer runs right along for four years he begins to sell his wethers, and he probably gets from \$4 to \$5 for those.

Mr. CLARK. Say that you start in with 100 ewes, and from those you get from 80 to 100 per cent of lambs?

Mr. CAMPSEY. In one year?

Mr. CLARK. Yes; do you not sell your wethers just as quickly as they become marketable?

Mr. CAMPSEY. No; we keep the wethers until they are from 3 to 4 years old.

Mr. CLARK. Why do you keep them?

Mr. CAMPSEY. We are compelled to keep a whole family of sheep. After that time the ewes begin to be worthless, because we can not then sell them for anything with any success.

Mr. CLARK. Don't you sell your ewes for mutton purposes before they become worthless?

Mr. CAMPSEY. Not often.

Mr. CLARK. Nobody keeps a sheep until he dies of old age.

Mr. CAMPSEY. We do not get any good prices for a sheep after it gets to be 6 or 7 years old.

Mr. CLARK. Is it not more profitable to sell a wether when he is from 3 to 4 years old when he first becomes marketable?

Mr. CAMPSEY. No; not for the woolgrower. We are paying attention to the business of woolgrowing, and we want to get as much wool to ship as we possibly can.

Mr. CLARK. Can you not get as much for ewes as for wethers?

Mr. CAMPSEY. No.

Mr. CLARK. You do not?

Mr. CAMPSEY. No, sir.

Mr. CLARK. Which is the more profitable for wool purposes, the wether or the ewe?

Mr. CAMPSEY. That is a question. We have men who buy the wethers, but the wool producers must keep the whole family. What I mean by the whole family is the sheep that range from the lamb to a 4 or 5 year old sheep.

Mr. CLARK. As a matter of fact you keep them in small flocks because it is unhealthy to keep them in large flocks?

Mr. CAMPSEY. We can not keep them so well in larger flocks.

Mr. CLARK. According to your statement you figure a profit of from 25 to 30 per cent?

Mr. CAMPSEY. It will require that much to make the wool industry profitable in our section. That does not count anything on the value of the land nor on the investment of stock on the land or anything else.

Mr. CLARK. How much money have you made in the last six years?

Mr. CAMPSEY. I do not think any farmers have made much, except on their agricultural crops.

Mr. CLARK. Well, how much have you made, 50 per cent?

Mr. CAMPSEY. No.

Mr. CLARK. Forty per cent?

Mr. CAMPSEY. Well, that would be governed entirely upon what prices we receive, what wages we paid, what capital we had invested in the flock, and everything of that kind. I myself think that it is worked down to a minimum price at the present time.

Mr. CLARK. Washington is a pretty good country, is it not?

Mr. CAMPSEY. Yes; but it is a hilly country. It is not fitted so well for anything else as for raising wool, because the grazing is suitable. If they could farm the whole of it, counting the wages and everything, sheep raising is not as profitable as it would be to produce corn or other grain.

Mr. CLARK. That is a fine blue-grass country?

Mr. CAMPSEY. Yes; but it has been wearing out to a certain extent.

Mr. CLARK. The blue grass helps the land and putting sheep on the land helps it, so that with the two together it makes the land rich?

Mr. CAMPSEY. The putting on it of sheep makes it produce the blue grass, because the sheep go to the high lands during the night and deposit manure, which spreads and causes fertilization.

Mr. CLARK. Do not the sheep pay for themselves in the matter of cleaning up the rubbish?

Mr. CAMPSEY. They are very beneficial in that way. It is only for the purpose of preserving our land that we raise sheep at all.

Mr. CLARK. Do you suppose that you can sit down in your room or some quiet place and figure out the percentage of profit that you now have on a flock of 400 sheep, counting everything, interest on the land, taking care of and shearing the sheep and marketing the wool, and then on the other hand put down the profit which you make, and give us that statement in writing?

Mr. CAMPSEY. I will endeavor to do that. That is the proper way to do it.

STATEMENT OF MR. W. M. COUDEN, OF QUAKER CITY, GUERNSEY COUNTY, OHIO.

Mr. COUDEN. Mr. Chairman and gentlemen of the committee, I did not know that I was going to be called, and I was not told the purpose for which I am to speak.

The CHAIRMAN. Your name is in the list, and you are not obliged to speak if you do not care to, unless the committee has some questions to ask you.

Mr. FORDNEY. You are a woolgrower?

Mr. COUDEN. Yes, sir; and I am a Democrat and a protectionist.

The CHAIRMAN. You are a woolgrower?

Mr. COUDEN. Yes; and I am a protectionist, and have been all my life. I suppose that that is the reason that some one handed in my name.

Mr. POW. There is room for all in our party.

Mr. FORDNEY. You are all right, and I do not care to ask you anything more.

Mr. COUDEN. Then let the tariff alone and we will all be satisfied and happy.

The chairman called the name of Mr. William R. Ellis, of No. 142 Green street, New York, upon which a gentleman in the audience arose and said that Mr. Ellis had filed his paper and departed from the city.

STATEMENT OF MR. ALBERT K. CLARK, PRESIDENT OF THE HOME MARKET CLUB, BOSTON, MASS.

Mr. CLARK. Mr. Chairman and gentlemen of the committee, I desire to call your attention to and present a letter which I just received from the William Carter Company, of Needham Heights, Mass., manufacturers of knit goods. They refer to the conditions of labor in England, Germany, and France, and state that if the tariff is reduced greatly on their line of goods it simply means that these industries will be wiped out of existence and thousands upon thousands of people will be thrown out of employment. The manufacturers in this line are not affiliated in one gigantic trust nor combination, and therefore may not be represented at this hearing, as the interest of the country really demands. He states that the only way that his firm could stand any reduction without specially suffering would be a corresponding reduction on worsteds, cotton and silk yarn, and any raw material, especially wool. They would be better satisfied to have the present duties remain.

I am not acquainted with the business in New England, but it is my observation that woolgrowing is increasing there, and that if what is called the protective duty is maintained it will increase more rapidly during the next ten years than it has during the past ten years. It was out of the fear of free wool that the farmers went out of the sheep business and went into the cattle business in New England. The temptation to get out of the cattle business and get into the sheep business has not been so great as to cause many to do it, but they realize now that sheep can be made profitable also, and that wool raising can also be profitable, and they would like to have the tariff

maintained. I think that sentiment is almost practically unanimous among our farmers, because each farmer keeps a small flock of sheep.

I remember that in the former days, in the section of Vermont where I was raised, every farmer had from 30 to 300 sheep, and when the economic conditions of the country were right it was a profitable branch of industry. That condition would be as good to-day, and there is no reason why they should not find an opportunity in that way to have their agricultural industry more highly diversified. For that reason I think that if the tariff is kept substantially as it is now on wool there will be a large increase in sheep husbandry within the next ten years.

The CHAIRMAN. Have you noticed any change in that industry in the past ten years?

Mr. A. K. CLARK. Yes, sir; there has been quite a marked change; not very large, but still it is encouraging.

I think there has been a misunderstanding as to the sheep statistics. There has been something said about the number of sheep in the country having declined from 50,000,000 to 38,000,000. That was the case under the free-wool tariff, but since then I think that a change has been made in the method of the enumeration of sheep. At that time the lambs were included, but now they include only the wool-bearing sheep.

Mr. UNDERWOOD. Do you state that as a positive fact?

Mr. A. K. CLARK. No; I do not. I merely wish to call your attention to that so that you can have it verified in your researches if necessary. I think that a safer rule would be to trace or compare the number of pounds of wool between the two periods or between any other period that you may wish to select.

Mr. CLARK. These good old days of which you speak when the farmers in Vermont had from 30 to 300 sheep—was not that back in 1857 during the Walker tariff?

Mr. A. K. CLARK. It happened to be incidental with that tariff, but prosperity—

Mr. CLARK. That is what I am talking about. The sheep industry flourished then?

Mr. A. K. CLARK. Yes; it flourished then. The wool manufacturers did not flourish at that time because they had their mills closed.

Mr. CLARK. Then why was it that the manufacturers happened to join in a request in 1857 to have that tariff cut off?

Mr. A. K. CLARK. Some did and some did not.

Mr. CLARK. It passed by an almost unanimous vote in both branches of Congress?

Mr. A. K. CLARK. Yes; but the public mind was not at that time called to the question of the tariff. The public mind was absorbed in the sectional controversy which led to the great civil war.

Mr. CLARK. Of course there is always an explanation for everything. Do you think that we could put on enough tariff to make wool raising profitable?

Mr. A. K. CLARK. I do. The present tariff, if continued, will make a profitable industry there.

Mr. UNDERWOOD. Is it not a fact that most of the sheep in the East are on the farms of wealthy men who simply keep flocks of sheep to keep their places in order?

MR. A. K. CLARK. No, sir; that may be true in a few cases, but it is not generally true. Small flocks of sheep are generally kept on small farms, and there is some little of that on the Connecticut River. A few farmers at Northampton, Mass., bought sheep from the West and leased them to the farmers. In some cases that proved profitable both to the lessors and the lessees, but many of the farmers own sheep, and are able to own them. It is a question of diversifying agriculture, and that will surely be helped by tariff legislation.

THE CHAIRMAN. I wish to state at this point that the record, which has just been printed a little late, contains the article of Andrew Carnegie, which is copyrighted. The chairman of this committee has been trying to get permission from the publisher for its publication in the hearings, but was unable to do so. In the present print it appears in the testimony of Mr. Justice, and it will have to be taken out and yesterday's whole proceedings reprinted.

STATEMENT OF MR. E. J. HULING, OF TRINIDAD, COLO.

MR. HULING. Mr. Chairman and gentlemen of the committee, I am a practical sheep raiser, delegated to represent the Territory of New Mexico and southern Colorado. Believing it is for the interest of all the people of the United States that there should be sufficient wool raised in the United States to comfortably clothe them in time of peace or any possible war, we claim a continuance of the present duties on wool as the only reasonable or practical way to produce that result. Owing to the great prosperity of the country during the past few years mutton and lamb have brought such good prices that it has paid better to sell the increase of the flocks rather than to keep the increase for raising wool. The present duty is, however, we think, adequate to insure a steady increase of the flocks so that in time sufficient wool will be raised to comfortably clothe the people.

The cost of raising sheep and wool has increased from the lowest point, perhaps 75 to 100 per cent, so that we might justly ask for increased protection; but we think we can work out the desired result on the present duties.

We ask that they be maintained.

MR. CLARK. How much money do you make on your investment?

MR. HULING. Our business can only be compared with farming. It can only be figured on a basis of ten years in a country where the rate of interest averages during that time 10 per cent. Banks and other businesses pay about that rate.

MR. CLARK. Would it be asking too much of you to give us the succinct statement of the cost of raising sheep and what the price was for ten years?

MR. HULING. In a way I can give you that information.

MR. CLARK. Submit a brief upon that subject in writing.

MR. HULING. I think my records will give me information of that kind. Some years have been profitable and some years have not been.

MR. CLARK. The only way to bring it to a reasonable conclusion, in deciding whether a man makes money in any business—and I do not care a straw about that—is to take a series of years.

MR. HILL. How many sheep have you?

MR. HULING. Ten thousand.

MR. HILL. How much land do you graze?

Mr. HULING. We own about 4,000 acres and we graze on the government land chiefly.

Mr. HILL. Are you engaged solely in sheep growing?

Mr. HULING. Yes, sir; and we farm incidentally to sheep raising.

Mr. HILL. How much is your capital?

Mr. HULING. Eighty-five thousand dollars, and we owe money.

Mr. HILL. Is that capital paid-in cash?

Mr. HULING. Yes, sir.

Mr. HILL. What dividends have you declared?

Mr. HULING. We have not declared any dividends for six or seven years.

Mr. HILL. How long since your organization was incorporated?

Mr. HULING. About ten years ago.

Mr. HILL. You say that in your section the rate of money is 10 per cent?

Mr. HULING. Yes; the lowest rate that I ever got on money was 8 per cent, and I have paid as high as 12 per cent.

Mr. FORDNEY. How long have you been in the business of raising sheep?

Mr. HULING. Twenty years.

Mr. FORDNEY. The gentleman from Missouri, Mr. Clark, asked you as to the profit or loss for the past ten years and requested that you put it in a written statement, and therefore I ask you to make it back as far as 1893.

Mr. CLARK. Let him make it for twenty years.

Mr. HULING. I will get that information.

Mr. CLARK. Have you made any money?

Mr. HULING. We have made money sometimes. We have had our fat years and our lean years.

Mr. CLARK. You said that you had not paid a dividend for the past seven years?

Mr. HULING. Yes; sir.

Mr. POW. Has your net increase been anything?

Mr. HULING. We think that as the result of the last election our business will be prosperous if the tariff is maintained.

Mr. POW. As a matter of fact, it costs more to raise wool now?

Mr. HULING. Very much more. In some instances three to four times what it was in former years.

Mr. POW. You think that having a tariff during the past ten years, it now promises to insure you a profit and that it may do so in future?

Mr. HULING. That is a fact.

Mr. POW. Now, under the present conditions, if you make an increase in your sheep business, would it not be necessary to increase the tariff?

Mr. HULING. I think that in a series of years we can reasonably hope to get recompensation from our business.

Mr. CLARK. If you have lost money for the last five or six years and conditions are going to remain like they have been, would not the result be that you would continue to lose money?

Mr. HULING. Well, we have had years which have been below the average during that time. This last year was a disastrous year in my country.

Mr. CLARK. Under the same high tariff?

Mr. HULING. Well, these same things affect the farmer.

Mr. CLARK. Do you want Congress to insure you against bad weather?

Mr. HULING. No; sir.

ADDITIONAL STATEMENT OF MR. WILLIAM M. WILSON.

Mr. WILSON. Mr. Chairman and gentlemen, may I answer a question of Mr. Clark in reference to my company?

The CHAIRMAN. Certainly.

Mr. WILSON. If I caught what Mr. Clark said it was in regard to the cost of shearing by hand and shearing by machinery, and the inference was that it was cheaper to shear by machinery than it was to shear by hand. We have a plant of 20 machines. It costs \$1,000 for a machine. We paid \$750 for an engine, plus freight from Chicago. It is a Morse-Fairbanks engine. We put up a shed which cost about \$1,000. It costs a little more to shear sheep by machinery.

Mr. CLARK. Then why do you shear sheep by machinery?

Mr. WILSON. For the reason that it produces neater work. It is desirable to have your sheep go into market in nice condition, and it means probably from 5 to 10 cents in the market. That is the reason.

Mr. FORDNEY. Do you get any more wool from the sheep by reason of shearing them with the machine?

Mr. WILSON. The first year, yes; but after that, no. It is unquestionable that sheep sheared by machinery show losses, for if the weather turns cold the liability of loss is much greater.

Mr. CLARK. Is it not a fact that a machine takes off the wool and a part of the hide also?

Mr. WILSON. No, sir; the old style of comb used had a good deal to do with that, so that the sheep were blistered by the sun. They have changed the machine with regard to the comb, and it has been the case that if the animal that was sheared by the machinery should happen to get cold you would be liable to lose about 50 per cent of them.

Mr. FORDNEY. Explain the cost of these machines?

Mr. WILSON. We have twenty machines which cost \$1,000 each, and we have a shed which cost probably \$1,000, and we have an engine which cost \$750. We now pay this year for shearing sheep by these machines 10 cents a head for yearlings and ewes and 11 cents for 2 or 3 year old wethers.

Mr. FORDNEY. And you furnish the shearing plant?

Mr. WILSON. Yes, sir; the men furnish the hand tools, which cost 15 cents. We furnish the power and shafting. They furnish what are called clippers.

Mr. CLARK. The only thing which I asked about in reference to shearing—because I have always been told, and I think it is true—was that shearing by machinery had reduced the cost.

Mr. WILSON. It has not. The cost of shearing sheep by machinery is at least 1 cent higher than shearing by hand.

Mr. POW. Can the shearing by machines be done quicker than it can be done by hand?

Mr. WILSON. The advantage is, as I said, that it gives a neater job. A wether that has been sheared by machinery will bring 2 cents more when he gets into the market. When it comes to the actual cost of doing the work, it is cheaper by hand.

Another question was asked in reference to the decrease in the price of sheep. I do not believe that the United States will ever again raise the same kind of sheep as it has heretofore.

Mr. CLARK. Tariff or no tariff?

Mr. WILSON. Tariff or no tariff, sheep meat is free from tuberculosis.

Mr. CLARK. I think that we are eating goats a good deal now.

Mr. WILSON. No; you are not eating much goat now. The only meat that is now practically free from consumption is the meat of the sheep. If you would eat the meat of a tough goat, you would never eat it again.

Mr. BOUTELL. You answered a question about the cost of wool in the fleece. You put it at 6 cents for the year 1903.

Mr. WILSON. You asked the question as to 1890. I said that I could not answer except as to the year 1903. In 1893 it was 6 cents.

Mr. BOUTELL. In my question I endeavored to emphasize it so as to make it 1890.

Mr. WILSON. You asked me the question, and I said that if you asked me as to 1893 that I would tell you.

Mr. BOUTELL. What was it in 1903?

Mr. WILSON. The price, I should say, in 1903, was about 13 cents.

The CHAIRMAN. We seem to have exhausted this schedule and we have one or two other matters. I want to request that after the adjournment this afternoon we have an executive session.

(Thereupon, at 1 o'clock p. m., the committee took a recess until 2 o'clock p. m.)

AFTERNOON SESSION.

THURSDAY, December 3, 1908.

The committee reconvened at 2 o'clock p. m., Hon. Sereno E. Payne (chairman) presiding.

The CHAIRMAN. Is Mr. Wilson present? [There was no response.] Is there any other gentleman present who desires to be heard on the wool schedule? [There was no response.] Is there any gentleman present who desires to be heard on any schedule? [There was no response.]

Mr. BOUTELL. Is there anybody here who expected to go on to-morrow or Saturday?

The CHAIRMAN. That is what I asked. I asked if there was anyone present who desired to be heard on any schedule.

Mr. BOUTELL. There is nobody in the United States interested in revising the tariff?

Mr. DALZELL. I move that the committee go into executive session.

The CHAIRMAN. The committee will go into executive session. After that they will adjourn until half past 9 o'clock to-morrow morning.

(Thereupon, at 2.05 o'clock p. m., the committee went into executive session.)

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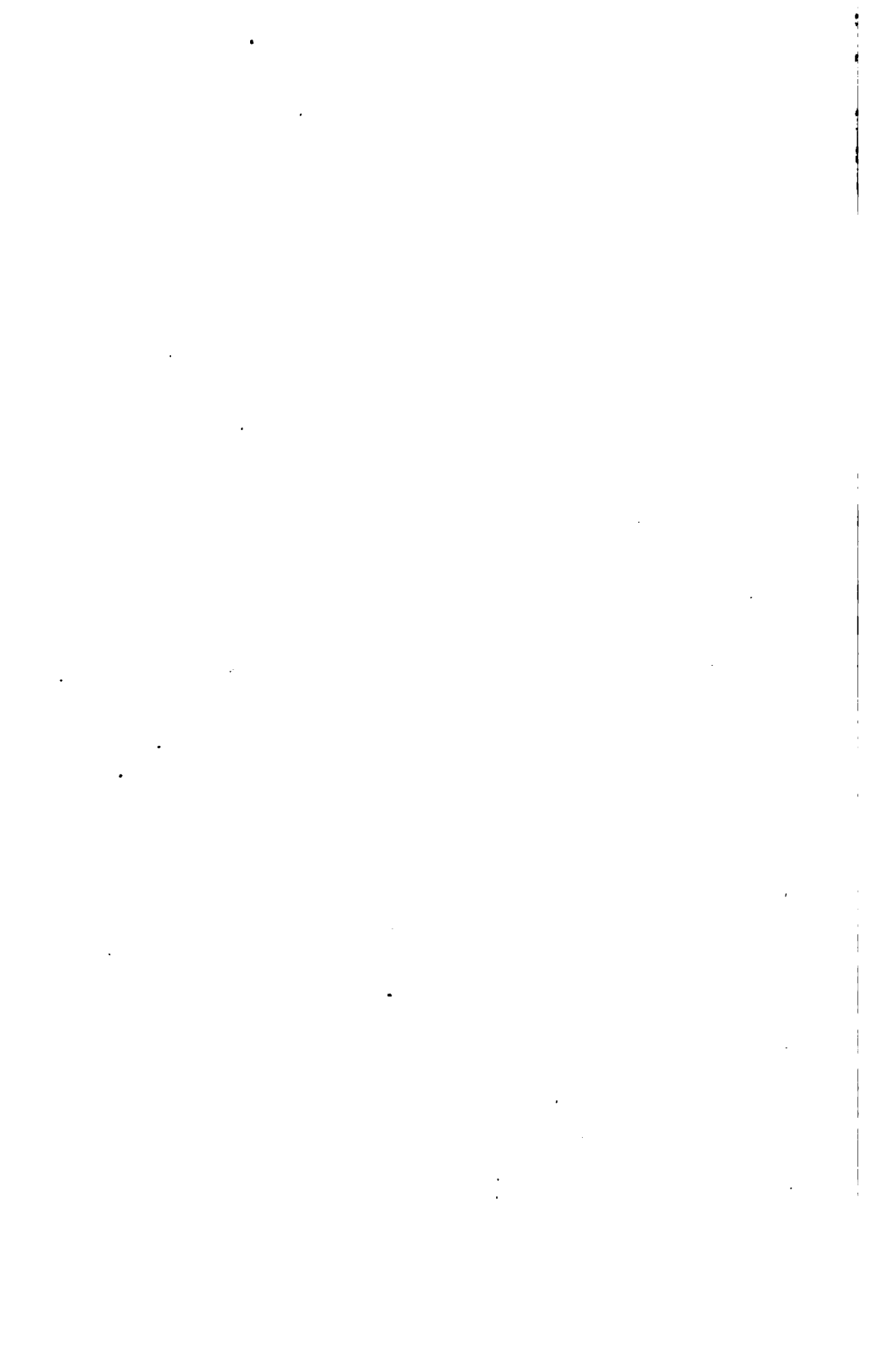
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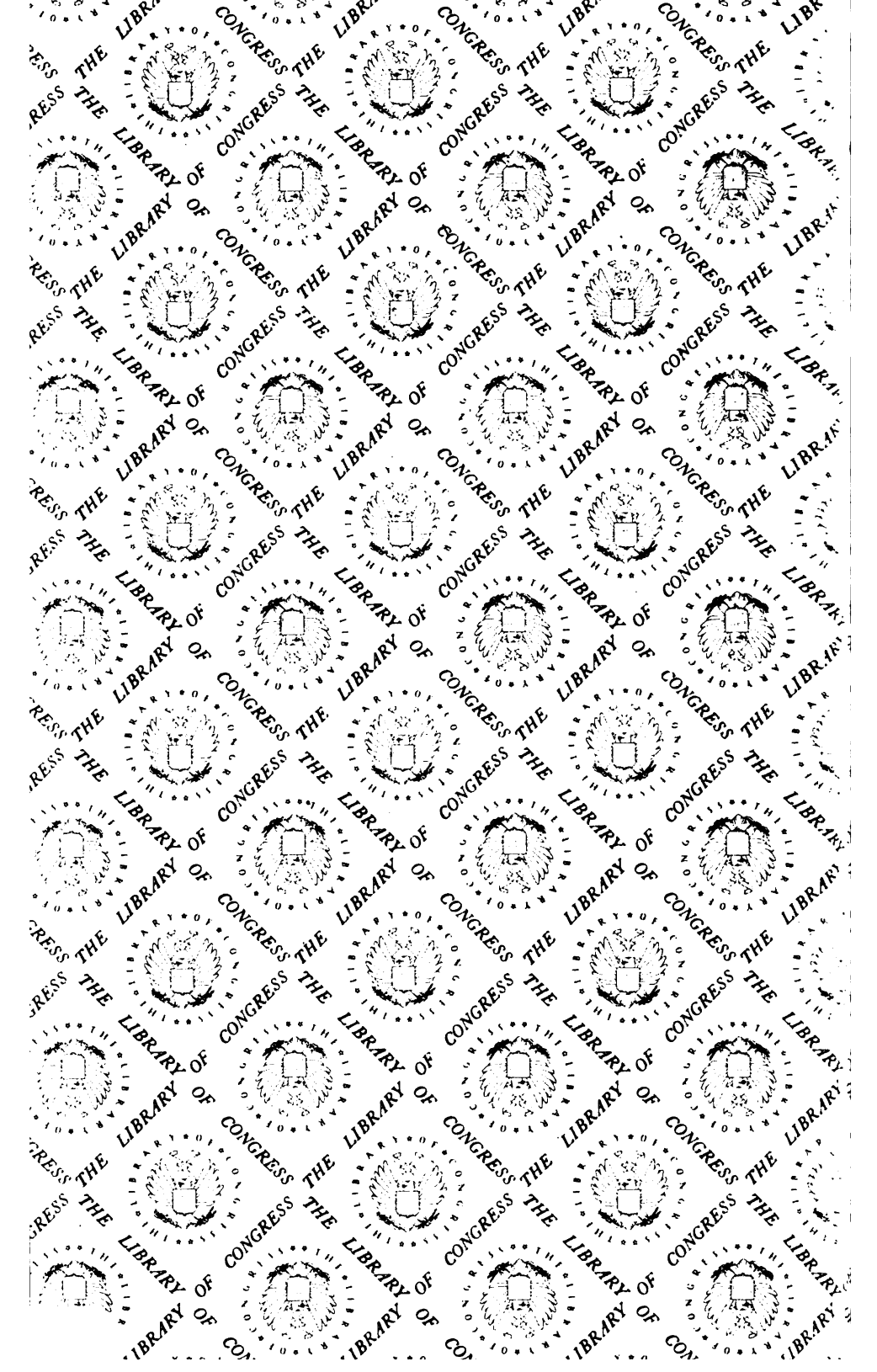
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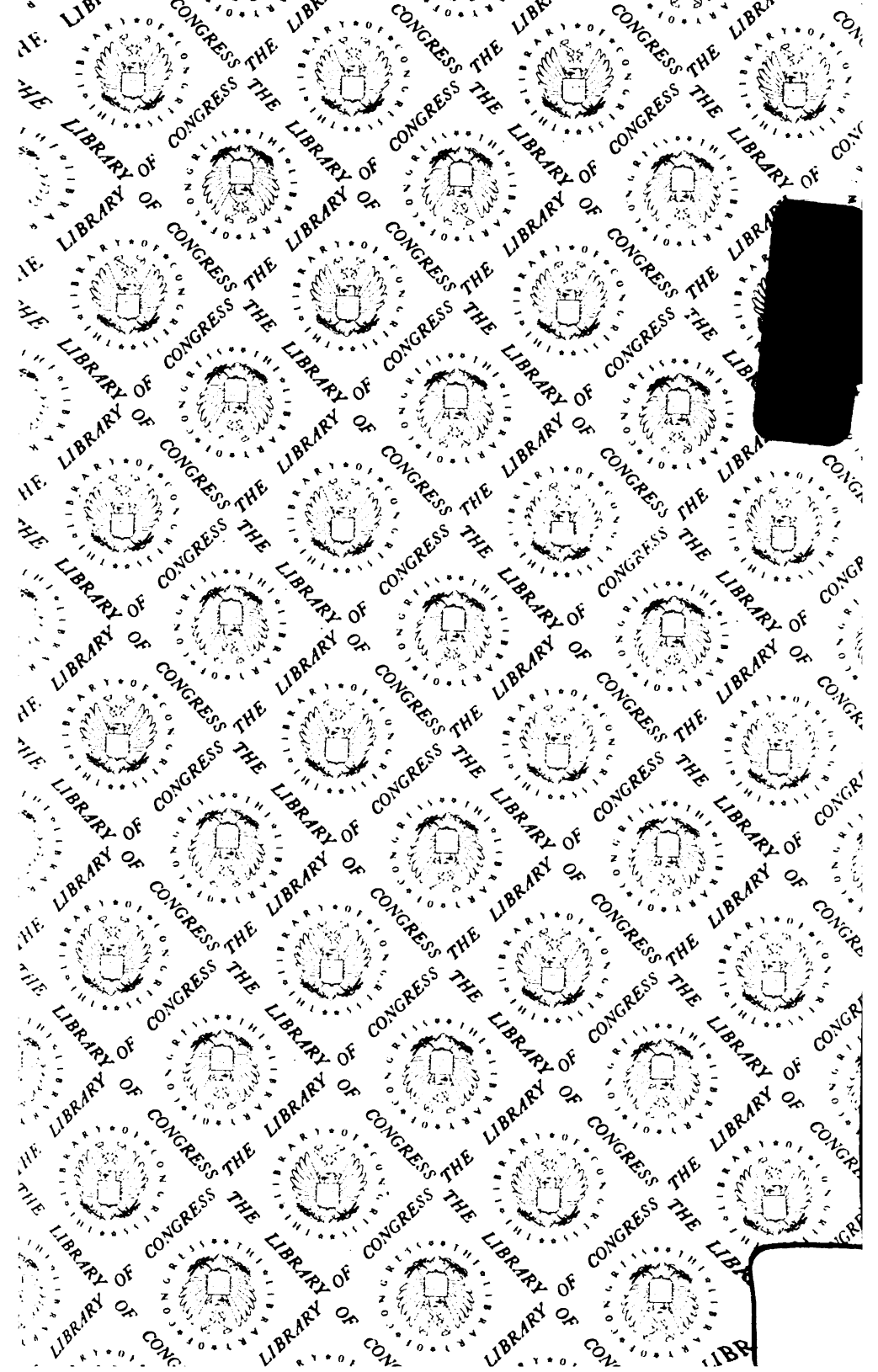
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